

AMENDED IN ASSEMBLY JUNE 18, 2014

AMENDED IN ASSEMBLY JUNE 5, 2014

SENATE BILL

No. 1247

Introduced by Senator Lieu

(Principal coauthor: Assembly Member Bonilla)

February 20, 2014

An act to amend Section 27 of the Business and Professions Code, to amend Sections 94800.5, 94801, 94802, 94804, 94808, 94809, 94809.5, 94813, 94816, 94829, 94837, 94838, 94847, 94861, 94874, 94874.1, 94874.7, 94874.8, 94875, 94876, 94877, 94878, 94879, 94881, 94882, 94883, 94884, 94885, 94887, 94888, 94890, 94891, 94892, 94893, 94895, 94896, 94897, 94898, 94900.7, 94904, 94909, 94910, 94911, 94913, 94920, 94921, 94923, 94924, 94926, 94927, 94927.5, 94928, 94929, 94929.5, 94929.7, 94929.8, 94930, 94930.5, 94931.5, 94932, 94932.5, 94933, 94933.5, 94934, 94935, 94936, 94937, 94938, 94939, 94941, 94942, 94943, 94943.5, 94944, 94944.5, 94944.6, 94945, 94948, and 94950 of, to amend the heading of Article 5 (commencing with Section 94875) of Chapter 8 of Part 59 of Division 10 of Title 3 of, to add Sections 94818.5, 94874.2, ~~94875.5, and 94929.9 to, and 94875.5 to, to add and repeal Section 94929.9 of~~, to repeal Sections ~~94803~~, 94805, 94820, and 94833 of, and to repeal and add Sections ~~94880~~ 94803, 94880, and 94949 of, the Education Code, relating to private postsecondary education, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 1247, as amended, Lieu. Private postsecondary education: California Private Postsecondary Education Act of 2009.

Existing law, the California Private Postsecondary Education Act of 2009, provides for the regulation of private postsecondary educational

institutions by the Bureau for Private Postsecondary Education in the Department of Consumer Affairs. The act exempts an institution from its provisions, if any of a list of specific criteria are met.

This bill would recast and revise various provisions of the act. The bill would establish the Board for Private Postsecondary Education as a successor agency to the bureau on July 1, 2015. The bill would remove the exemption from its provisions for an institution that is approved to participate in veterans financial aid programs pursuant to a specified federal law, and that is not an independent institution of higher education, thereby making the act applicable to the institution.

The bill would require the board, beginning July 1, 2015, to, among other things, contract with the Office of the Attorney General, *or other appropriate state agency*, to establish a process for board staff to be trained to investigate complaints filed with the board, post specified information on its Internet Web site, establish a task force to identify standards for specified educational and training programs and provide a report to the Legislature regarding those programs, ~~and adopt minimum operating standards for an institution that ensure, among other things, that an institution offering a degree is accredited and that an unaccredited institution offering a degree satisfies certain requirements, and establish application processing goals and timelines to ensure that an institution's approval to operate application is promptly reviewed by the board.~~ The bill would require the board to submit a report to the Legislature, on or before October 1, 2015, ~~on its efforts to streamline the process by which an institution is approved or denied by the board for an approval to operate, whether data reporting and disclosure requirements under the act may be consolidated with reporting required by other federal and state regulatory bodies,~~ to submit a report to the Legislature relating to an independent review of its staffing resources, and to contract with the Office of the Attorney General for investigative and prosecutorial services if certain conditions are satisfied.

The bill would make other technical and conforming changes.

The act establishes the Student Tuition Recovery Fund and requires the bureau to adopt regulations governing the administration and maintenance of the fund, including requirements relating to assessments on students and student claims against the fund, and establishes that the moneys in this fund are continuously appropriated to the bureau for specified purposes.

This bill would require those regulations to ensure that students are eligible for payment from the fund in specified circumstances.

Existing law repeals that act on January 1, 2015.

This bill would instead repeal that act on January 1, 2017, thus extending the operation of the act by 2 years.

By extending the operation of the Student Tuition Recovery Fund, a continuously appropriated fund, this bill would make an appropriation.

Under existing law, the act specifies conduct by regulated institutions that, if undertaken, is a crime.

Because this bill would extend the application of those criminal provisions, it would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 27 of the Business and Professions Code
2 is amended to read:
3 27. (a) Each entity specified in subdivisions (c), (d), and (e)
4 shall provide on the Internet information regarding the status of
5 every license issued by that entity in accordance with the California
6 Public Records Act (Chapter 3.5 (commencing with Section 6250)
7 of Division 7 of Title 1 of the Government Code) and the
8 Information Practices Act of 1977 (Chapter 1 (commencing with
9 Section 1798) of Title 1.8 of Part 4 of Division 3 of the Civil Code).
10 The public information to be provided on the Internet shall include
11 information on suspensions and revocations of licenses issued by
12 the entity and other related enforcement action, including
13 accusations filed pursuant to the Administrative Procedure Act
14 (Chapter 3.5 (commencing with Section 11340) of Part 1 of
15 Division 3 of Title 2 of the Government Code) taken by the entity
16 relative to persons, businesses, or facilities subject to licensure or
17 regulation by the entity. The information may not include personal
18 information, including home telephone number, date of birth, or
19 social security number. Each entity shall disclose a licensee's
20 address of record. However, each entity shall allow a licensee to
21 provide a post office box number or other alternate address, instead

1 of his or her home address, as the address of record. This section
2 shall not preclude an entity from also requiring a licensee, who
3 has provided a post office box number or other alternative mailing
4 address as his or her address of record, to provide a physical
5 business address or residence address only for the entity's internal
6 administrative use and not for disclosure as the licensee's address
7 of record or disclosure on the Internet.

8 (b) In providing information on the Internet, each entity specified
9 in subdivisions (c) and (d) shall comply with the Department of
10 Consumer Affairs Guidelines for Access to Public Records.

11 (c) Each of the following entities within the Department of
12 Consumer Affairs shall comply with the requirements of this
13 section:

14 (1) The Board for Professional Engineers, Land Surveyors, and
15 Geologists shall disclose information on its registrants and
16 licensees.

17 (2) The Bureau of Automotive Repair shall disclose information
18 on its licensees, including auto repair dealers, smog stations, lamp
19 and brake stations, smog check technicians, and smog inspection
20 certification stations.

21 (3) The Bureau of Electronic and Appliance Repair, Home
22 Furnishings, and Thermal Insulation shall disclose information on
23 its licensees and registrants, including major appliance repair
24 dealers, combination dealers (electronic and appliance), electronic
25 repair dealers, service contract sellers, and service contract
26 administrators.

27 (4) The Cemetery and Funeral Bureau shall disclose information
28 on its licensees, including cemetery brokers, cemetery salespersons,
29 cemetery managers, crematory managers, cemetery authorities,
30 crematories, cremated remains disposers, embalmers, funeral
31 establishments, and funeral directors.

32 (5) The Professional Fiduciaries Bureau shall disclose
33 information on its licensees.

34 (6) The Contractors' State License Board shall disclose
35 information on its licensees and registrants in accordance with
36 Chapter 9 (commencing with Section 7000) of Division 3. In
37 addition to information related to licenses as specified in
38 subdivision (a), the board shall also disclose information provided
39 to the board by the Labor Commissioner pursuant to Section 98.9
40 of the Labor Code.

1 (7) The Board for Private Postsecondary Education shall disclose
2 information on private postsecondary institutions under its
3 jurisdiction, including disclosure of notices to comply issued
4 pursuant to Section 94935 of the Education Code.

5 (8) The California Board of Accountancy shall disclose
6 information on its licensees and registrants.

7 (9) The California Architects Board shall disclose information
8 on its licensees, including architects and landscape architects.

9 (10) The State Athletic Commission shall disclose information
10 on its licensees and registrants.

11 (11) The State Board of Barbering and Cosmetology shall
12 disclose information on its licensees.

13 (12) The State Board of Guide Dogs for the Blind shall disclose
14 information on its licensees and registrants.

15 (13) The Acupuncture Board shall disclose information on its
16 licensees.

17 (14) The Board of Behavioral Sciences shall disclose
18 information on its licensees, including marriage and family
19 therapists, licensed clinical social workers, licensed educational
20 psychologists, and licensed professional clinical counselors.

21 (15) The Dental Board of California shall disclose information
22 on its licensees.

23 (16) The State Board of Optometry shall disclose information
24 regarding certificates of registration to practice optometry,
25 statements of licensure, optometric corporation registrations, branch
26 office licenses, and fictitious name permits of its licensees.

27 (17) The Board of Psychology shall disclose information on its
28 licensees, including psychologists, psychological assistants, and
29 registered psychologists.

30 (d) The State Board of Chiropractic Examiners shall disclose
31 information on its licensees.

32 (e) The Structural Pest Control Board shall disclose information
33 on its licensees, including applicators, field representatives, and
34 operators in the areas of fumigation, general pest and wood
35 destroying pests and organisms, and wood roof cleaning and
36 treatment.

37 (f) “Internet” for the purposes of this section has the meaning
38 set forth in paragraph (6) of subdivision (f) of Section 17538.

39 SEC. 2. Section 94800.5 of the Education Code is amended to
40 read:

94800.5. Whenever a reference is made to the former Private Postsecondary Education and Student Protection Act, the former Private Postsecondary and Vocational Education Reform Act of 1989, or the former Chapter 7 (commencing with Section 94700) of Part 59 of Division 10 of Title 3 of the Education Code, as it read on June 30, 2007, by the provisions of any statute or regulation, it shall be construed as referring to the provisions of this chapter. Whenever a reference is made to the former Bureau for Private Postsecondary and Vocational Education, or the Bureau for Private Postsecondary Education, by the provisions of any statute or regulation, *after July 1, 2015*, it shall be construed as referring to the Board for Private Postsecondary Education.

SEC. 3. Section 94801 of the Education Code is amended to read:

94801. The Legislature finds and declares all of the following:

(a) In 2013, more than 300,000 Californians attended more than 1,100 private postsecondary schools in California.

(b) Private postsecondary schools can complement the public education system and help develop a trained workforce to meet the demands of California businesses and the economy; however, concerns about the value of degrees and diplomas issued by private postsecondary schools, and the lack of protections for private postsecondary school students and consumers of those schools' services, have highlighted the need for strong state-level oversight of private postsecondary schools.

(c) Numerous reports and studies have concluded that California's previous attempts at regulatory oversight of private postsecondary schools have consistently failed to ensure student protections or provide effective oversight of private postsecondary schools.

(d) It is the intent of the Legislature in establishing the Board for Private Postsecondary Education for two years to ensure all of the following:

(1) Minimum educational quality standards and opportunities for success for California students attending private postsecondary schools in California.

(2) Meaningful student protections through essential avenues of recourse for students.

(3) A regulatory structure that provides for an appropriate level of oversight.

1 (4) A regulatory governance structure that ensures that all
2 stakeholders have a voice and are heard in policymaking by the
3 board.

4 (5) A regulatory governance structure that provides for
5 accountability and oversight by the Legislature through program
6 monitoring and periodic reports.

7 (6) Prevention of the deception of the public that results from
8 conferring, and use of, fraudulent or substandard degrees.

9 (e) The Legislature advises future policymakers to continually
10 and carefully evaluate this chapter and its administration and
11 enforcement. Where there are deficiencies in the law or regulatory
12 oversight, the Governor and the Legislature should act quickly to
13 correct them.

14 SEC. 4. Section 94802 of the Education Code is amended to
15 read:

16 94802. (a) An institution that had a valid approval to operate
17 on June 30, 2007, issued by the former Bureau for Private
18 Postsecondary and Vocational Education pursuant to former
19 Chapter 7 (commencing with Section 94700) of Part 59 of Division
20 10 of Title 3 of the Education Code, as it read on June 30, 2007,
21 shall maintain that approval under this chapter. For the purposes
22 of this chapter, the approval to operate shall be valid for three
23 calendar years after the expiration date of the approval, as it read
24 on June 30, 2007.

25 (b) *An institution that had a valid approval to operate on*
26 *December 31, 2014, issued by the Bureau for Private*
27 *Postsecondary Education pursuant to this chapter, as it read on*
28 *December 31, 2014, shall maintain that approval through the*
29 *expiration date of the approval, as it read on December 31, 2014,*
30 *unless the approval is suspended or revoked by the board.*

31 SEC. 5. Section 94803 of the Education Code is repealed.

32 SEC. 6. Section 94803 is added to the Education Code, to read:

33 94803. (a) *The regulations adopted under this chapter, as it*
34 *read on December 31, 2014, shall remain in effect until such time*
35 *as the board amends or repeals them.*

36 (b) *Commencing July 1, 2015, any reference in the regulations*
37 *that refer to the authority of the Director shall be deemed to refer*
38 *to the board or, if the board so designates, the executive officer.*

1 ~~SEC. 6.~~

2 ~~SEC. 7.~~ Section 94804 of the Education Code is amended to
3 read:

4 94804. (a) Each unresolved matter submitted to the former
5 Bureau for Private Postsecondary and Vocational Education prior
6 to July 1, 2007, *and to the former Bureau for Private*
7 *Postsecondary Education prior to January 1, 2015*, shall be
8 deemed to remain pending before the board irrespective of any
9 applicable deadlines. With respect to any deadline applicable to a
10 pending matter, no time shall be deemed to have elapsed from July
11 1, 2007, to January 1, 2010, inclusive.

12 (1) For the purposes of this subdivision, “matter” includes, but
13 is not limited to, an appeal, a complaint, a claim, an evaluation, a
14 hearing, or an investigation.

15 (2) For the purposes of this subdivision, “matter” does not
16 include a Student Tuition Recovery Fund claim.

17 (b) Student complaints ~~submitted from July 1, 2007, to~~
18 ~~December 31, 2009, inclusive, prior to January 1, 2015~~, shall
19 continue to be duly recorded and investigated by the board.

20 ~~SEC. 7.~~

21 ~~SEC. 8.~~ Section 94805 of the Education Code is repealed.

22 ~~SEC. 8.~~

23 ~~SEC. 9.~~ Section 94808 of the Education Code is amended to
24 read:

25 94808. (a) Any Student Tuition Recovery Fund claims received
26 by the former Bureau for Private Postsecondary and Vocational
27 Education ~~prior to July 1, 2007, or the Bureau for Private~~
28 ~~Postsecondary Education prior to January 1, 2015~~, that were not
29 ~~processed by the former Bureau for Private Postsecondary and~~
30 ~~Vocational Education and were not paid by the Department of~~
31 ~~Consumer Affairs from July 1, 2007, to June 30, 2008, inclusive,~~
32 *processed*, shall be processed by the board.

33 ~~(b) Any Student Tuition Recovery Fund claims received by the~~
34 ~~Department of Consumer Affairs from July 1, 2007, to December~~
35 ~~31, 2009, inclusive, shall be processed by the board.~~

36 ~~(c) Student Tuition Recovery Fund claims filed with, and~~
37 ~~approved by, the former Bureau for Private Postsecondary and~~
38 ~~Vocational Education as of June 30, 2007, if not already paid, shall~~
39 ~~be paid before any claims approved after that date.~~

40 ~~(d)~~

1 (b) The student's right to recovery from the Student Tuition
2 Recovery Fund shall be based on the law that was in effect when
3 the student enrolled and a fee for the fund was charged as a part
4 of tuition costs, even though that law has become inoperative, been
5 repealed, or otherwise expired.

6 ~~SEC. 9.~~

7 *SEC. 10.* Section 94809 of the Education Code is amended to
8 read:

9 94809. (a) (1) An institution that had an application for an
10 approval to operate pending with the former Bureau for Private
11 Postsecondary and Vocational Education on June 30, 2007, *and*
12 *submitted an application for approval to operate to the Bureau*
13 *for Private Postsecondary Education*, may continue to operate
14 until a decision is made in regard to the institution regarding the
15 application for approval to operate, but shall comply with, and is
16 subject to, this chapter, ~~and shall submit an application for an~~
17 ~~approval to operate to the board pursuant to this chapter within six~~
18 ~~months of that application becoming available.~~ *chapter.*

19 ~~(2) If the board determines that the application for an approval~~
20 ~~to operate that was pending with the former Bureau for Private~~
21 ~~Postsecondary and Vocational Education on June 30, 2007, satisfies~~
22 ~~the requirements of the new application for an approval to operate,~~
23 ~~the submission of the previous application may be deemed to~~
24 ~~satisfy the requirements of this subdivision.~~

25 (b) An institution that did not have a valid approval to operate
26 issued by, and did not have an application for approval to operate
27 pending with, the former Bureau for Private Postsecondary and
28 Vocational Education on June 30, 2007, that began operations ~~on~~
29 ~~or after~~ *between July 1, 2007, and January 1, 2010*, may continue
30 to operate unless a denial of approval to operate has been issued
31 and has become final, but shall comply with, and is subject to, this
32 chapter.

33 (c) Students seeking to enroll in institutions operating under
34 subdivisions (a) and (b) shall be notified by the institution, in
35 writing and prior to executing an enrollment agreement, that the
36 institution's application for approval to operate has not been
37 reviewed by the board.

38 ~~(d) An institution that is permitted to operate pursuant to~~
39 ~~subdivision (a) or (b) shall not use the terms "approval,"~~
40 ~~"approved," "approval to operate," or "approved to operate"~~

1 without clearly stating that the institution's application for approval
2 has not been reviewed by the board.

3 (e)

4 (d) (1) An institution that is denied an approval to operate
5 pursuant to subdivision (a) or (b) may file an appeal pursuant to
6 the procedures established in Section 94888.

7 (2) An institution that has filed an appeal may continue to
8 operate during the appeal process but must disclose in a written
9 statement approved by the board, to the public and all current and
10 prospective students, that the institution's application for approval
11 to operate was denied by the board because the board has
12 determined the application did not satisfy minimum requirements
13 for educational capacity, that the institution is appealing the board's
14 decision, and that the loss of the appeal may result in the
15 institution's closure.

16 (3) If the board determines that the continued operation of an
17 institution poses a significant risk of harm to students, the board
18 shall make an emergency decision pursuant to Section 94938.

19 ~~SEC. 10.~~

20 *SEC. 11.* Section 94809.5 of the Education Code is amended
21 to read:

22 94809.5. Notwithstanding any other provision of law:

23 (a) For any claims that a student had based on a violation of the
24 Private Postsecondary and Vocational Education Reform Act of
25 1989 on or before June 30, 2007, the period of time from June 30,
26 2007, to December 31, 2009, inclusive, shall be excluded in
27 determining the deadline or the statute of limitation for filing any
28 claim with the board or a lawsuit based on any claim.

29 (b) All claims described in subdivision (a), except claims to the
30 Student Tuition Recovery Fund, including those contained in a
31 lawsuit or other legal action, shall be determined or adjudicated
32 based on the law that was in effect when the violations or events
33 took place, even though those provisions have become inoperative,
34 been repealed, or otherwise expired.

35 ~~SEC. 11.~~

36 *SEC. 12.* Section 94813 of the Education Code is amended to
37 read:

38 94813. "Accredited" means an institution is accredited by an
39 accrediting agency recognized by the United States Department
40 of Education.

~~SEC. 12.~~

SEC. 13. Section 94816 of the Education Code is amended to read:

94816. “Applicant” means an institution that has submitted an application to the board for an approval to operate or for a renewal of an approval to operate. An applicant shall be the owner of an institution. Approvals to operate shall be issued to applicants, *and those approvals mean that the recipient institutions are authorized or licensed by the board to operate in California through the expiration date of the approval.*

~~SEC. 13.~~

SEC. 14. Section 94818.5 is added to the Business and Professions Code, to read:

94818.5. “Board” means the Board for Private Postsecondary Education.

~~SEC. 14.~~

SEC. 15. Section 94820 of the Education Code is repealed.

~~SEC. 15.~~

SEC. 16. Section 94829 of the Education Code is amended to read:

94829. “Default” means failure of a borrower and endorser, if any, to make an installment payment for a loan received under the federal student financial aid programs when due, or to meet other terms of the promissory note, provided that this failure persists for 270 days if payment is due monthly or 360 days if payment is due less frequently. For purposes of this section, “endorser” means an individual who signs a promissory note and agrees to repay the loan in the event that the borrower does not.

~~SEC. 16.~~

SEC. 17. Section 94833 of the Education Code is repealed.

SEC. 18. *Section 94837 of the Education Code is amended to read:*

94837. “Educational program” means a planned sequence composed of a single course or module, or set of related courses or modules, that provides the education, training, skills, and experience leading to the award of a recognized educational credential such as a ~~degree~~ *document of completion, degree, or diploma.*

1 ~~SEC. 17.~~

2 *SEC. 19.* Section 94838 of the Education Code is amended to
3 read:

4 94838. “Educational program approval” means authorization
5 by the board, another government agency of this state, or a federal
6 government agency, to provide educational programs, and is an
7 element of an approval to operate.

8 ~~SEC. 18.~~

9 *SEC. 20.* Section 94847 of the Education Code is amended to
10 read:

11 94847. “License and examination preparation” means
12 instruction designed to assist students to prepare for an examination
13 ~~for licensure, or offered for the sole purpose of providing~~
14 ~~continuing education in subjects licensees are required to take as~~
15 ~~a condition of continued licensure.~~ *licensure.* “License and
16 examination preparation” does not include an educational program
17 designed to instruct students in the field of the licensure
18 examination.

19 ~~SEC. 19.~~

20 *SEC. 21.* Section 94861 of the Education Code is amended to
21 read:

22 94861. “Reporting period” means the institution’s fiscal year
23 or any yearly period designated by the board to be covered in the
24 institution’s annual report.

25 ~~SEC. 20.~~

26 *SEC. 22.* Section 94874 of the Education Code is amended to
27 read:

28 94874. Except as provided in Section 94874.2, the following
29 are exempt from this chapter:

30 (a) An institution that offers solely avocational or recreational
31 educational programs.

32 (b) An institution offering educational programs sponsored by
33 a bona fide trade, business, professional, or fraternal organization,
34 solely for that organization’s membership.

35 (c) A postsecondary educational institution established, operated,
36 and governed by the federal government or by this state or its
37 political subdivisions.

38 (d) An institution offering either of the following:

39 (1) Test preparation for examinations required for admission to
40 a postsecondary educational institution.

(2) Continuing education or license examination preparation, if the institution or the program is approved, certified, or sponsored by any of the following:

(A) A government agency, other than the board, that licenses persons in a particular profession, occupation, trade, or career field.

(B) A state-recognized professional licensing body, such as the State Bar of California, that licenses persons in a particular profession, occupation, trade, or career field.

(C) A bona fide trade, business, or professional organization.

(e) (1) An institution owned, controlled, and operated and maintained by a religious organization lawfully operating as a nonprofit religious corporation pursuant to Part 4 (commencing with Section 9110) of Division 2 of Title 1 of the Corporations Code, that meets all of the following requirements:

(A) The instruction is limited to the principles of that religious organization, or to courses offered pursuant to Section 2789 of Business and Professions Code.

(B) The diploma or degree is limited to evidence of completion of that education.

(2) An institution operating under this subdivision shall offer degrees and diplomas only in the beliefs and practices of the church, religious denomination, or religious organization.

(3) An institution operating under this subdivision shall not award degrees in any area of physical science.

(4) Any degree or diploma granted under this subdivision shall contain on its face, in the written description of the title of the degree being conferred, a reference to the theological or religious aspect of the degree's subject area.

(5) A degree awarded under this subdivision shall reflect the nature of the degree title, such as "associate of religious studies," "bachelor of religious studies," "master of divinity," or "doctor of divinity."

(f) An institution that does not award degrees and that solely provides educational programs for total charges of two thousand five hundred dollars (\$2,500) or less when no part of the total charges is paid from state or federal student financial aid programs. The board may adjust this cost threshold based upon the California Consumer Price Index and post notification of the adjusted cost threshold on its Internet Web site, as the board determines, through

1 the promulgation of regulations, that the adjustment is consistent
2 with the intent of this chapter.

3 (g) A law school that is accredited by the Council of the Section
4 of Legal Education and Admissions to the Bar of the American
5 Bar Association or a law school or law study program that is
6 subject to the approval, regulation, and oversight of the Committee
7 of Bar Examiners, pursuant to Sections 6046.7 and 6060.7 of the
8 Business and Professions Code.

9 (h) A nonprofit public benefit corporation that satisfies all of
10 the following criteria:

11 (1) Is qualified under Section 501(c)(3) of the United States
12 Internal Revenue Code.

13 (2) Is organized specifically to provide workforce development
14 or rehabilitation services.

15 (3) Is accredited by an accrediting organization for workforce
16 development or rehabilitation services recognized by the
17 Department of Rehabilitation.

18 (i) An institution that is accredited by the Accrediting
19 Commission for Senior Colleges and Universities, Western
20 Association of Schools and Colleges, or the Accrediting
21 Commission for Community and Junior Colleges, Western
22 Association of Schools and Colleges.

23 (j) An institution that satisfies all of the following criteria:

24 (1) The institution has been accredited, for at least 10 years, by
25 an accrediting agency that is recognized by the United States
26 Department of Education.

27 (2) The institution has operated continuously in this state for at
28 least 25 years.

29 (3) During its existence, the institution has not filed for
30 bankruptcy protection pursuant to Title 11 of the United States
31 Code.

32 (4) The institution's cohort default rate on guaranteed student
33 loans does not exceed 10 percent for the most recent three years,
34 as published by the United States Department of Education.

35 (5) The institution maintains a composite score of 1.5 or greater
36 on its equity, primary reserve, and net income ratios, as provided
37 under Section 668.172 of Title 34 of the Code of Federal
38 Regulations.

1 (6) The institution provides a pro rata refund of unearned
2 institutional charges to students who complete 75 percent or less
3 of the period of attendance.

4 (7) The institution provides to all students the right to cancel
5 the enrollment agreement and obtain a refund of charges paid
6 through attendance at the second class session, or the 14th day
7 after enrollment, whichever is later.

8 (8) The institution submits to the board copies of its most recent
9 IRS Form 990, the institution's Integrated Postsecondary Education
10 Data System Report of the United States Department of Education,
11 and its accumulated default rate.

12 (9) The institution is incorporated and lawfully operates as a
13 nonprofit public benefit corporation pursuant to Part 2
14 (commencing with Section 5110) of Division 2 of Title 1 of the
15 Corporations Code and is not managed or administered by an entity
16 for profit.

17 (k) Flight instruction providers or programs that provide flight
18 instruction pursuant to Federal Aviation Administration regulations
19 and meet both of the following criteria:

20 (1) The flight instruction provider or program does not require
21 students to enter into written or oral contracts of indebtedness.

22 (2) The flight instruction provider or program does not require
23 or accept prepayment of instruction-related costs in excess of two
24 thousand five hundred dollars (\$2,500).

25 ~~SEC. 21.~~

26 *SEC. 23.* Section 94874.1 of the Education Code is amended
27 to read:

28 94874.1. (a) Except as provided in Section 94874.2, an
29 institution that is accredited by a regional accrediting agency that
30 is recognized by the United States Department of Education, and
31 is not an agency described in subdivision (i) of Section 94874, is
32 exempt from this chapter, except Article 14 (commencing with
33 Section 94923).

34 (b) This section shall remain in effect only until January 1, 2016,
35 and as of that date is repealed, unless a later enacted statute, that
36 is enacted before January 1, 2016, deletes or extends that date.

37 ~~SEC. 22.~~

38 *SEC. 24.* Section 94874.2 is added to the Education Code, to
39 read:

1 94874.2. An institution that is approved to participate in
2 veterans' financial aid programs pursuant to Section 21.4253 of
3 Title 38 of the Code of Federal Regulations that is not an
4 independent institution of higher education, as defined in
5 subdivision (b) of Section 66010, may not claim an exemption
6 from this chapter.

7 ~~SEC. 23.~~

8 *SEC. 25.* Section 94874.7 of the Education Code is amended
9 to read:

10 94874.7. The board shall establish, by regulation, a process
11 pursuant to which an institution that is exempt from this chapter
12 may request, and obtain, from the board verification that the
13 institution is exempt. The board shall establish a reasonable fee to
14 reimburse the board's costs associated with the implementation
15 of this section.

16 ~~SEC. 24.~~

17 *SEC. 26.* Section 94874.8 of the Education Code is amended
18 to read:

19 94874.8. (a) An institution exempt from all or part of this
20 chapter pursuant to subdivision (i) or (j) of Section 94874 or
21 Section 94874.1 may apply to the board for an approval to operate
22 pursuant to this section, but only subject to all of the following
23 provisions:

24 (1) The board may approve the operation of an institution that
25 is exempt from all or part of this chapter as specified above in
26 accordance with the authority granted pursuant to Article 6
27 (commencing with Section 94885). Upon issuing an approval to
28 operate to an institution pursuant to this section, the board is
29 authorized to regulate that institution through the full set of powers
30 granted, and duties imposed, by this chapter, as those powers and
31 duties would apply to an institution that is not exempt from this
32 chapter.

33 (2) Notwithstanding any other law, upon issuance of an approval
34 to operate pursuant to this section, the institution is no longer
35 eligible for exemption, from the provisions of this chapter pursuant
36 to subdivision (i) or (j) of Section 94874 or Section 94874.1, unless
37 authorized by subsequent legislation.

38 (3) Upon issuance of an approval to operate pursuant to this
39 section, an institution is subject to all provisions of this chapter,
40 and any regulations adopted pursuant to this chapter, that apply to

1 an institution subject to this chapter, except as expressly provided
2 in paragraph (4).

3 (4) (A) With respect to the placement and salary or wage data
4 required to be collected, calculated, and reported by Article 16
5 (commencing with Section 94928), an institution issued an
6 approval to operate pursuant to this section is not required to report
7 on its first School Performance Fact Sheet any data from the period
8 prior to the date of the issuance of the approval to operate that the
9 institution was not required to collect and does not have available
10 to it. An institution shall, however, report available data collected
11 and calculated in accordance with this chapter and applicable
12 regulations, regardless of the purpose for which the data was
13 collected. If the required data is unavailable, the institution shall
14 also disclose the unavailability of the data on all documents
15 required by this chapter and regulations adopted pursuant to this
16 chapter. Upon receiving an approval to operate pursuant to this
17 section, an institution shall commence to collect and calculate all
18 information necessary to comply with Article 16 (commencing
19 with Section 94928).

20 (B) An institution receiving an approval to operate pursuant to
21 this section shall provide to prospective students the School
22 Performance Fact Sheet, file that fact sheet with the board, and
23 post it on the institution's Internet Web site no later than the first
24 August 1 after the institution is approved to operate ~~and no later~~
25 ~~than August 1 of each year thereafter.~~ *or by a date set by the board*
26 *for institutions generally.* These School Performance Fact Sheets
27 shall report data for the previous two calendar years based upon
28 the number of students who began the program or the number of
29 graduates for each reported calendar year. If two calendar years
30 have not passed since the issuance of the approval to operate by
31 the August 1 deadline for the School Performance Fact Sheet,
32 unless data for two years is available, the institution shall report
33 the required data for the period subsequent to the date of the
34 issuance of the notice of approval.

35 (b) An institution exempt from all or part of this chapter pursuant
36 to subdivision (i) or (j) of Section 94874 or Section 94874.1 that
37 was approved to operate by the board before the effective date of
38 this section shall be deemed to have been approved pursuant to
39 this section.

1 ~~SEC. 25.~~

2 *SEC. 27.* The heading of Article 5 (commencing with Section
3 94875) of Chapter 8 of Part 59 of Division 10 of Title 3 of the
4 Education Code is amended to read:

5
6 Article 5. Board Powers and Duties

7
8 ~~SEC. 26.~~

9 *SEC. 28.* Section 94875 of the Education Code is amended to
10 read:

11 94875. (a) The board shall regulate private postsecondary
12 educational institutions through the powers granted, and duties
13 imposed, by this chapter. In exercising its powers, and performing
14 its duties, the protection of the public shall be the board's highest
15 priority. If protection of the public is inconsistent with other
16 interests sought to be promoted, the protection of the public shall
17 be paramount. The board shall consist of 11 members appointed
18 as follows:

19 (1) Three members, who shall have a demonstrated record of
20 advocacy on behalf of consumers, one appointed by the Governor,
21 one by the Senate Committee on Rules, and one by the Speaker
22 of the Assembly.

23 (2) Two members, who shall be current or former students of
24 institutions, appointed by the Governor.

25 (3) Three members, who shall be representatives of institutions,
26 appointed by the Governor.

27 (4) Two public members with experience or expertise in
28 postsecondary education, appointed by the Governor.

29 (5) One public member with knowledge or expertise in emerging
30 fields of employment, appointed by the Governor.

31 (b) A person who was a member of the former Advisory
32 Committee to the Bureau for Private Postsecondary Education,
33 established pursuant to Section 94880, as that section read on
34 January 1, 2014, is eligible to be appointed to the board pursuant
35 to subdivision (a).

36 ~~SEC. 27.~~

37 *SEC. 29.* Section 94875.5 is added to the Education Code, to
38 read:

39 94875.5. Notwithstanding any other provision of this chapter,
40 the Bureau for Private Postsecondary Education shall continue in

1 existence and administer the provisions of this chapter until July
2 1, 2015. As of that date, the bureau shall cease operations, and the
3 board shall assume all authority, including the powers, functions,
4 and jurisdiction until then vested in the bureau. The board may
5 enforce all disciplinary actions undertaken by the bureau. For the
6 performance of these duties and exercise of these powers, the board
7 shall have possession and control of all records, papers, offices,
8 equipment, supplies, or other property, real or personal, held for
9 the benefit of or use by the bureau. *All regulations adopted by the*
10 *bureau that were in effect on December 31, 2014, shall remain in*
11 *effect until the board acts to amend or repeal those regulations.*
12 *All licensing application forms in use on December 31, 2014, shall*
13 *continue in use until such time as the board acts to amend those*
14 *forms or provides for their elimination or replacement.*

15 ~~SEC. 28.~~

16 *SEC. 30.* Section 94876 of the Education Code is amended to
17 read:

18 94876. (a) The executive officer of the board shall be appointed
19 by the Governor, subject to confirmation by the Senate Committee
20 on Rules, and is exempt from the State Civil Service Act pursuant
21 to Part 2 (commencing with Section 18500) of Division 5 of Title
22 2 of the Government Code.

23 (b) The executive officer of the board shall exercise the powers
24 and perform the duties delegated by the board.

25 ~~SEC. 29.~~

26 *SEC. 31.* Section 94877 of the Education Code is amended to
27 read:

28 94877. (a) The board shall adopt and shall enforce regulations
29 to implement this chapter pursuant to the Administrative Procedure
30 Act in Chapter 3.5 (commencing with Section 11340) of Part 1 of
31 Division 3 of Title 2 of the Government Code.

32 (b) The board shall develop and implement an enforcement
33 program, pursuant to Article 18 (commencing with Section 94932)
34 to implement this chapter. The enforcement program shall include
35 a plan for investigating complaints filed with the board. The board
36 shall contract with the office of the Attorney General, *or other*
37 *appropriate state agency*, to establish a process for the board's
38 staff to be trained to investigate complaints, including, but not
39 limited to, the information, evidence, and materials needed to
40 process complaints. *The training shall ensure the board's staff are*

1 *equipped to review and verify the accuracy of the data contained*
2 *in consumer disclosures, including, but not limited to, the School*
3 *Performance Fact Sheet.*

4 (c) The board shall establish a program to proactively identify
5 unlicensed institutions, identify material or repeated violations of
6 this chapter and regulations implementing this chapter, and take
7 all appropriate legal action.

8 (d) The board shall, by January 1, 2016, initiate the process and
9 procedures governing its approval or denial of applications for
10 approval to operate in accordance with board regulations adopted
11 pursuant to Section 94888, for every application pending as of
12 January 1, 2015.

13 ~~SEC. 30.~~

14 *SEC. 32.* Section 94878 of the Education Code is amended to
15 read:

16 94878. (a) The board shall establish an Internet Web site that
17 includes at least all of the following information:

18 (1) An explanation of the board's scope of authority.

19 (2) (A) A directory of approved institutions, and a link, if
20 feasible, to the Internet Web site of each institution.

21 (B) For each institution, the directory shall be developed in a
22 manner that allows the user to search by institution and shall
23 include all of the following information:

24 (i) The status of the institution's approval to operate.

25 (ii) The information provided by the institutions including, but
26 not limited to, the annual report, as required by Section 94934,
27 including the school catalog and the Student Performance Fact
28 Sheet. The Student Performance Fact Sheet shall be maintained
29 on the directory for at least five years after the date of its
30 submission to the board.

31 (iii) The disciplinary history of the institution, which shall
32 include, but shall not be limited to, all of the following:

33 (I) Pending formal accusations filed by the board.

34 (II) Suspensions, revocations, citations, fines, infractions,
35 probations, pending litigation filed by the board, and final
36 judgments resulting from litigation filed by the board.

37 (III) Pending or final *civil or criminal cases filed by the Attorney*
38 ~~General~~, *in any state by a state attorney general, a city attorney,*
39 *a district attorney, or a federal law enforcement official, regulatory*
40 *or prosecutorial agency, of which the board has received notice.*

1 (IV) Final administrative actions by the United State Department
2 of Education, including orders requiring restitution to students.

3 (V) ~~Final~~ All disciplinary actions *ordered* by an accreditation
4 agency, *including any order to show cause*, of which the board
5 has received notice pursuant to Section 94934 *or other information*
6 *otherwise publicly available of which the board has received*
7 *notice*.

8 (b) The board shall maintain the Internet Web site described in
9 subdivision (a). The board shall ensure that the information
10 specified in subdivision (a) is kept current. The board shall update
11 the Internet Web site at least annually, to coincide with the
12 submission of annual reports by the institutions pursuant to Section
13 94934.

14 (c) (1) The board shall post on its Internet ~~Website~~ *Web site* a
15 list of all institutions that were denied approval to operate, *after*
16 *the denial is final*, and describe in clear and conspicuous language
17 the reason the institution was denied approval. The board shall
18 include the statement provided in paragraph (2) on its Internet Web
19 site.

20 (2) “The following institutions were denied approval to operate
21 by the Board for Private Postsecondary Education for failing to
22 satisfy the standards relating to educational quality, or consumer
23 protection, or both. These unlicensed institutions are not operating
24 in compliance with the law, and students are strongly discouraged
25 from attending these institutions.”

26 ~~SEC. 31.~~

27 *SEC. 33.* Section 94879 of the Education Code is amended to
28 read:

29 94879. The board shall conduct an outreach program to
30 secondary school students as well as prospective and current private
31 postsecondary students, to provide them with information on how
32 to best select a private postsecondary institution, how to enter into
33 enrollment agreements, how to make informed decisions in the
34 private postsecondary education marketplace, and how to contact
35 the board for assistance. The board may accomplish the purposes
36 of this section in cooperation with other ~~state~~ *federal, state, or*
37 *local entities, or both, any combination of these entities.*

38 ~~SEC. 32.~~

39 *SEC. 34.* Section 94880 of the Education Code is repealed.

1 ~~SEC. 33.~~

2 *SEC. 35.* Section 94880 is added to the Education Code, to
3 read:

4 94880. (a) ~~(1)~~—The board shall establish a task force to
5 determine standards for educational and training programs
6 specializing in innovative subject matters and instructing students
7 in high-demand technology fields for which there is a demonstrated
8 shortage of skilled employees. The members of the task force may
9 include high technology employers, students of short-term focused
10 high technology training programs, and providers of high
11 technology training in subjects including, but not necessarily
12 limited to, programming, software development, computer science,
13 and coding.

14 ~~(2) (A)~~

15 ~~(b) (1)~~ The board shall provide a report to the Legislature
16 regarding educational and training programs subject to ~~paragraph~~
17 ~~(1)~~, *subdivision (a)*, and the institutions offering those programs,
18 no later than January 1, 2016. The report shall include the board's
19 evaluation of all of the following:

20 ~~(i)~~

21 (A) Whether students attending these institutions should receive
22 certain disclosures prior to enrollment in a program.

23 ~~(ii)~~

24 (B) Whether the means of reporting student outcomes and the
25 content of those reports are appropriate.

26 ~~(iii)~~

27 (C) Whether institutions that satisfy certain criteria should be
28 regulated by the board and by this chapter.

29 ~~(iv)~~

30 (D) The steps the board and the state may take to promote the
31 growth of high-quality training programs in skills for high
32 technology occupations.

33 ~~(B) (i)~~

34 (2) (A) The requirement for submitting a report imposed under
35 this ~~paragraph~~ *subdivision* is inoperative on January 1, 2019,
36 pursuant to Section 10231.5 of the Government Code.

37 ~~(ii)~~

38 (B) A report to be submitted pursuant to this ~~paragraph~~
39 *subdivision* shall be submitted in compliance with Section 9795
40 of the Government Code.

1 ~~(b) For an institution that is offering high technology training~~
2 ~~in programming, software development, computer science, or~~
3 ~~coding, and that is in the process of complying with this chapter~~
4 ~~through an application for approval to operate from the board, the~~
5 ~~board may defer processing the institution's application until~~
6 ~~January 1, 2016.~~

7 ~~SEC. 34.~~

8 *SEC. 36.* Section 94881 of the Education Code is amended to
9 read:

10 94881. The board may conduct workshops to provide applicants
11 and institutions information on application processes, compliance
12 with this chapter, best practices for providing postsecondary
13 educational programs, and other subjects concerning postsecondary
14 education.

15 ~~SEC. 35.~~

16 *SEC. 37.* Section 94882 of the Education Code is amended to
17 read:

18 94882. The board may empanel visiting committees to assist
19 in evaluating an institution's application for an approval to operate.
20 The members of visiting committees shall serve at no expense to
21 the state, except that the board may reimburse the members of
22 visiting committees for actual travel and per diem expenses
23 incurred during the evaluation. The board may seek reimbursement
24 for the travel and per diem costs from the institution that is the
25 subject of an evaluation.

26 ~~SEC. 36.~~

27 *SEC. 38.* Section 94883 of the Education Code is amended to
28 read:

29 94883. (a) Any individual serving on a visiting committee
30 who provides information to the board, or its staff, in the course
31 of evaluating any institution, or who testifies in any administrative
32 hearing arising under this chapter, is entitled to a defense and
33 indemnification in any action arising out of the information or
34 testimony provided as if he or she were a public employee.

35 (b) Any defense and indemnification shall be solely with respect
36 to the action pursuant to Article 4 (commencing with Section 825)
37 of Chapter 1 of Part 2 of, and Part 7 (commencing with Section
38 995) of Division 3.6 of Title 1 of, the Government Code.

1 ~~SEC. 37.~~

2 *SEC. 39.* Section 94884 of the Education Code is amended to
3 read:

4 94884. The board is subject to Section 27 of the Business and
5 Professions Code.

6 ~~SEC. 38.~~

7 *SEC. 40.* Section 94885 of the Education Code is amended to
8 read:

9 94885. The board shall adopt by regulation minimum operating
10 standards for an institution that shall reasonably ensure that all of
11 the following occur:

12 (a) The content of each educational program can achieve its
13 stated objective.

14 (b) The institution maintains specific written standards for
15 student admissions for each educational program and those
16 standards are related to the particular educational program.

17 (c) The facilities, instructional equipment, and materials are
18 sufficient to enable students to achieve the educational program's
19 goals.

20 (d) The institution maintains a withdrawal policy and provides
21 refunds.

22 (e) The directors, administrators, and faculty are properly
23 qualified.

24 (f) The institution is financially sound and capable of fulfilling
25 its commitments to students.

26 (g) That, upon satisfactory completion of an educational
27 program, the institution gives students a document signifying the
28 degree or diploma awarded.

29 (h) Adequate records and standard transcripts are maintained
30 and are available to students.

31 (i) The institution is maintained and operated in compliance
32 with this chapter and all other applicable ordinances and laws.

33 (j) (1) An institution offering a degree is accredited by an
34 accrediting agency recognized by the United States Department
35 of Education.

36 (2) An unaccredited institution offering a degree that is approved
37 to operate by the bureau as of January 1, 2015, shall have until
38 January 1, 2016, to obtain and provide evidence of its candidacy
39 or preaccreditation status with an accrediting agency recognized
40 by the United States Department of Education, and to obtain and

1 provide evidence of accreditation from that accrediting agency on
2 or before January 1, 2017.

3 *(3) The board may, upon the submission of sufficient evidence*
4 *that an unaccredited institution is making strong progress toward*
5 *obtaining accreditation pursuant to paragraph (2), extend the*
6 *timeline for the institution beyond the timeline provided in*
7 *paragraph (2).*

8 ~~SEC. 39.~~

9 *SEC. 41.* Section 94887 of the Education Code is amended to
10 read:

11 94887. An approval to operate shall be granted only after an
12 applicant has presented sufficient evidence to the board, and the
13 board has independently verified the information provided by the
14 applicant through site visits or other methods deemed appropriate
15 by the board, that the applicant has the capacity to satisfy the
16 minimum operating standards. The board shall deny an application
17 for an approval to operate if the application does not satisfy those
18 standards.

19 ~~SEC. 40.~~

20 *SEC. 42.* Section 94888 of the Education Code is amended to
21 read:

22 94888. (a) The board shall adopt by regulation both of the
23 following:

24 (1) The process and procedures whereby an institution seeking
25 approval to operate may apply for and obtain an approval to
26 operate.

27 (2) The process and procedures governing the board's approval
28 and denial of applications for approval to operate, including the
29 process and procedures whereby an applicant for which an
30 application has been denied may appeal that denial.

31 (b) The board shall, by regulation, establish ~~a process for issuing~~
32 ~~a notification of a denial of an approval to operate to an institution~~
33 ~~that submits an application for approval to operate and for which~~
34 ~~that application is denied. The notification of denial shall include~~
35 ~~a statement of reasons for the denial. both of the following:~~

36 *(1) A process for issuing a notification of a denial of an approval*
37 *to operate to an institution that submits an application for approval*
38 *to operate and for which that application is denied. The notification*
39 *of denial shall include a statement of reasons for the denial.*

(2) *Application processing goals and timelines to ensure an institution that has submitted a complete application for approval to operate has that application promptly reviewed for compliance within 30 days of board receipt of the application, or within an appropriate timeline as determined by the board. The timelines shall ensure that an institution that has submitted a complete and compliant application receives approval within 30 days of the application being deemed compliant by the board, or within an appropriate timeline as determined by the board.*

~~SEC. 41.~~

SEC. 43. Section 94890 of the Education Code is amended to read:

94890. (a) (1) The board shall grant an institution that is accredited an approval to operate by means of its accreditation.

(2) The board shall adopt by regulation the process and procedures whereby an institution that is accredited may apply for and obtain an approval by means of that accreditation.

(b) The term of an approval to operate pursuant to this section shall be coterminous with the term of accreditation. Upon renewal of the institution's accreditation, the institution shall submit verification to the board, on a form provided by the board, that the institution's accreditation has been renewed.

(c) Institutions that are granted an approval to operate by means of the institution's accreditation shall comply with all other applicable requirements in this chapter.

~~SEC. 42.~~

SEC. 44. Section 94891 of the Education Code is amended to read:

94891. (a) The board shall adopt by regulation the process and procedures whereby an institution may obtain a renewal of an approval to operate.

(b) To be granted a renewal of an approval to operate, the institution shall demonstrate its continued capacity to meet the minimum operating standards.

(c) (1) An institution that is denied renewal of an approval to operate may file an appeal in accordance with the procedures established by the board pursuant to Section 94888.

(2) An institution that has filed an appeal of a denial of a renewal application may continue to operate during the appeal process, but must disclose in a written statement, approved by the board, to the

1 public and all current and prospective students, that the institution's
2 application for renewal of approval to operate was denied by the
3 board because the board determined the application did not satisfy
4 minimum requirements for educational capacity, that the institution
5 is appealing the board's decision, and that the loss of the appeal
6 may result in the institution's closure.

7 (3) If the board determines that the continued operation of the
8 institution during the appeal process poses a significant risk of
9 harm to students, the board shall make an emergency decision
10 pursuant to its authority provided in Section 94938.

11 ~~SEC. 43.~~

12 *SEC. 45.* Section 94892 of the Education Code is amended to
13 read:

14 94892. If an agency of this state other than the board or of the
15 federal government provides an approval to offer an educational
16 program and the institution already has a valid approval to operate
17 issued by the board, that agency's educational program approval
18 may satisfy the requirements of this article without any further
19 review by the board. The board may incorporate that educational
20 program into the institution's approval to operate when the board
21 receives documentation signifying the conferral of the educational
22 program approval by that agency.

23 ~~SEC. 44.~~

24 *SEC. 46.* Section 94893 of the Education Code is amended to
25 read:

26 94893. If an institution intends to make a substantive change
27 to its approval to operate, the institution shall receive prior
28 authorization from the board. Except as provided in subdivision
29 (a) of Section 94896, if the institution makes the substantive change
30 without prior board authorization, the institution's approval to
31 operate may be suspended or revoked.

32 ~~SEC. 45.~~

33 *SEC. 47.* Section 94895 of the Education Code is amended to
34 read:

35 94895. The board shall adopt by regulation the process and
36 procedures whereby an institution shall seek authorization for
37 substantive changes to an approval to operate.

38 ~~SEC. 46.~~

39 *SEC. 48.* Section 94896 of the Education Code is amended to
40 read:

1 94896. (a) An institution that has been granted an approval to
2 operate by means of accreditation shall only make a substantive
3 change in accordance with the institution's accreditation standards.

4 (b) The institution shall notify the board of the substantive
5 change on a form provided by the board.

6 ~~SEC. 47.~~

7 *SEC. 49.* Section 94897 of the Education Code is amended to
8 read:

9 94897. An institution shall not do any of the following:

10 (a) Use, or allow the use of, any reproduction or facsimile of
11 the Great Seal of the State of California on a diploma.

12 (b) Promise or guarantee employment, or otherwise overstate
13 the availability of jobs upon graduation.

14 (c) Advertise concerning job availability, degree of skill, or
15 length of time required to learn a trade or skill unless the
16 information is accurate and not misleading.

17 (d) Advertise, or indicate in promotional material, without
18 including the fact that the educational programs are delivered by
19 means of distance education if the educational programs are so
20 delivered.

21 (e) Advertise, or indicate in promotional material, that the
22 institution is accredited, unless the institution has been accredited
23 by an accrediting agency.

24 (f) Solicit students for enrollment by causing an advertisement
25 to be published in "help wanted" columns in a magazine,
26 newspaper, or publication, or use "blind" advertising that fails to
27 identify the institution.

28 (g) Offer to compensate a student to act as an agent of the
29 institution with regard to the solicitation, referral, or recruitment
30 of any person for enrollment in the institution, except that an
31 institution may award a token gift to a student for referring an
32 individual, provided that the gift is not in the form of money, no
33 more than one gift is provided annually to a student, and the gift's
34 cost is not more than one hundred dollars (\$100).

35 (h) Pay any consideration to a person to induce that person to
36 sign an enrollment agreement for an educational program.

37 (i) Use a name in any manner improperly implying any of the
38 following:

1 (1) The institution is affiliated with any government agency,
2 public or private corporation, agency, or association if it is not, in
3 fact, thus affiliated.

4 (2) The institution is a public institution.

5 (3) The institution grants degrees, if the institution does not
6 grant degrees.

7 (j) In any manner make an untrue or misleading change in, or
8 untrue or misleading statement related to, a test score, grade or
9 record of grades, attendance record, record indicating student
10 completion, placement, employment, salaries, or financial
11 information, including any of the following:

12 (1) A financial report filed with the board.

13 (2) Information or records relating to the student's eligibility
14 for student financial aid at the institution.

15 (3) Any other record or document required by this chapter or
16 by the board.

17 (k) Willfully falsify, destroy, or conceal any document of record
18 while that document of record is required to be maintained by this
19 chapter.

20 (l) Use the terms "approval," "approved," "approval to operate,"
21 or "approved to operate" without stating clearly and conspicuously
22 that approval to operate means compliance with state standards as
23 set forth in this chapter. If the board has granted an institution
24 approval to operate, the institution may indicate that the institution
25 is ~~"licensed"~~ "*authorized*," "*licensed*," or "licensed to operate,"
26 but may not state or imply either of the following:

27 (1) The institution or its educational programs are endorsed or
28 recommended by the state or by the board.

29 (2) The approval to operate indicates that the institution exceeds
30 minimum state standards as set forth in this chapter.

31 (m) Direct any individual to perform an act that violates this
32 chapter, to refrain from reporting unlawful conduct to the board
33 or another government agency, or to engage in any unfair act to
34 persuade a student not to complain to the board or another
35 government agency.

36 (n) Compensate an employee involved in recruitment,
37 enrollment, admissions, student attendance, or sales of educational
38 materials to students on the basis of a commission, commission
39 draw, bonus, quota, or other similar method related to the
40 recruitment, enrollment, admissions, student attendance, or sales

1 of educational materials to students, except as provided in
2 paragraph (1) or (2):

3 (1) If the educational program is scheduled to be completed in
4 90 days or less, the institution shall pay compensation related to
5 a particular student only if that student completes the educational
6 program.

7 (2) For institutions participating in the federal student financial
8 aid programs, this subdivision shall not prevent the payment of
9 compensation to those involved in recruitment, admissions, or the
10 award of financial aid if those payments are in conformity with
11 federal regulations governing an institution's participation in the
12 federal student financial aid programs.

13 (o) Require a prospective student to provide personal contact
14 information in order to obtain, from the institution's Internet Web
15 site, educational program information that is required to be
16 contained in the school catalog or any information required
17 pursuant to the consumer information requirements of Title IV of
18 the federal Higher Education Act of 1965, and any amendments
19 thereto.

20 (p) Offer an associate, baccalaureate, master's, or doctoral
21 degree without disclosing to prospective students prior to
22 enrollment whether the institution or the degree program is
23 unaccredited and any known limitation of the degree, including,
24 but not limited to, all of the following:

25 (1) Whether a graduate of the degree program will be eligible
26 to sit for the applicable licensure exam in California and other
27 states.

28 (2) A statement that reads: "A degree program that is
29 unaccredited or a degree from an unaccredited institution is not
30 recognized for some employment positions, including, but not
31 limited to, positions with the State of California."

32 (3) That a student enrolled in an unaccredited institution is not
33 eligible for federal financial aid programs.

34 ~~SEC. 48.~~

35 *SEC. 50.* Section 94898 of the Education Code is amended to
36 read:

37 94898. (a) An institution shall not merge classes unless all of
38 the students have received the same amount of instruction. This
39 subdivision does not prevent the placement of students, who are
40 enrolled in different educational programs, in the same class if that

1 class is part of each of the educational programs and the placement
2 in a merged class will not impair the students' learning of the
3 subject matter of the class.

4 (b) After a student has enrolled in an educational program, the
5 institution shall not do either of the following:

6 (1) Make any unscheduled suspension of any class unless caused
7 by circumstances beyond the institution's control.

8 (2) Change the day or time during the period of attendance in
9 which any class is offered to a day when the student is not
10 scheduled to attend the institution or to a time that is outside of
11 the range of time that the student is scheduled to attend the
12 institution on the day for which the change is proposed unless at
13 least 90 percent of the students who are enrolled consent to the
14 change and the institution offers full refunds to the students who
15 do not consent to the change. For the purpose of this paragraph,
16 "range of time" means the period beginning with the time at which
17 the student's first scheduled class session for the day is set to start
18 and ending with the time the student's last scheduled class session
19 for that day is set to finish.

20 (c) If an institution enrolls a student in an educational program
21 that is conducted at a specific site at the time of enrollment, the
22 institution shall not convert the educational program to another
23 method of delivery, such as by means of distance education. This
24 subdivision does not apply to an educational program that also
25 includes a distance education component, if the student is notified
26 during the enrollment process, in writing, that the program contains
27 a distance education component.

28 (d) An institution shall not move the location of class instruction
29 more than 25 miles from the location of instruction at the time of
30 enrollment unless any of the following occur:

31 (1) The institution discloses in writing to each student before
32 enrollment in the educational program that the location of
33 instruction will change after the educational program begins and
34 the address of the new location.

35 (2) The institution applies for, and the board grants, approval
36 to change the location. The board shall grant the application within
37 60 days if the board, after notice to affected students and an
38 opportunity for them to be heard as prescribed by the board,
39 concludes that the change in location would not be unfair or unduly
40 burdensome to students. The board may grant approval to change

1 the location subject to reasonable conditions, such as requiring the
2 institution to provide transportation, transportation costs, or refunds
3 to adversely affected students.

4 (3) The institution offers a full refund to students enrolled in
5 the educational program who do not voluntarily consent to the
6 change.

7 (4) An unforeseeable and unavoidable circumstance outside of
8 the control of the institution requires the change in the location of
9 instruction.

10 ~~SEC. 49.~~

11 *SEC. 51.* Section 94900.7 of the Education Code is amended
12 to read:

13 94900.7. The recordkeeping requirements of this article shall
14 not apply to an institution that is accredited, if the recordkeeping
15 requirements of the accrediting organization are substantially
16 similar to the recordkeeping requirements of this article, as
17 determined by the board.

18 ~~SEC. 50.~~

19 *SEC. 52.* Section 94904 of the Education Code is amended to
20 read:

21 94904. (a) Before an ability-to-benefit student may execute
22 an enrollment agreement, the institution shall have the student take
23 an independently administered examination from the list of
24 examinations prescribed *as of July 1, 2012*, by the United States
25 Department of Education pursuant to Section 484(d) of the federal
26 Higher Education Act of 1965 (20 U.S.C. Sec. 1070a et ~~seq.~~) ~~as~~
27 ~~it is, from time to time, amended. seq.~~ The student shall not enroll
28 unless the student achieves a score, as specified by the United
29 States Department of Education, demonstrating that the student
30 may benefit from the education and training being offered.

31 (b) If the United States Department of Education does not have
32 a list of relevant examinations that pertain to the intended
33 occupational training, the board may publish its own list of
34 acceptable examinations *and required passing scores*.

35 ~~SEC. 51.~~

36 *SEC. 53.* Section 94909 of the Education Code is amended to
37 read:

38 94909. (a) Prior to enrollment, an institution shall provide a
39 prospective student, either in writing or electronically, with a
40 school catalog containing, at a minimum, all of the following:

1 (1) The name, address, telephone number, and, if applicable,
2 Internet Web site address of the institution.

3 (2) Except as specified in Article 2 (commencing with Section
4 94802), a statement that the institution is a private institution and
5 that it is approved to operate by the board.

6 (3) The following statements:

7 (A) “Any questions a student may have regarding this catalog
8 that have not been satisfactorily answered by the institution may
9 be directed to the Board for Private Postsecondary Education at
10 (address), Sacramento, CA (ZIP Code), (Internet Web site address),
11 (telephone and fax numbers).”

12 (B) “As a prospective student, you are encouraged to review
13 this catalog prior to signing an enrollment agreement. You are also
14 encouraged to review the School Performance Fact Sheet, which
15 must be provided to you prior to signing an enrollment agreement.”

16 (C) “A student or any member of the public may file a complaint
17 about this institution with the Board for Private Postsecondary
18 Education by calling (toll-free telephone number) or by completing
19 a complaint form, which can be obtained on the board’s Internet
20 Web site (Internet Web site address).”

21 (4) The address or addresses where class sessions will be held.

22 (5) A description of the programs offered and a description of
23 the instruction provided in each of the courses offered by the
24 institution, the requirements for completion of each program,
25 including required courses, any final tests or examinations, any
26 required internships or externships, and the total number of credit
27 hours, clock hours, or other increments required for completion.

28 (6) If the educational program is designed to lead to positions
29 in a profession, occupation, trade, or career field requiring licensure
30 in this state, a notice to that effect and a list of the requirements
31 for eligibility for licensure.

32 (7) Information regarding the faculty and their qualifications.

33 (8) A detailed description of institutional policies in the
34 following areas:

35 (A) Admissions policies, including the institution’s policies
36 regarding the acceptance of credits earned at other institutions or
37 through challenge examinations and achievement tests, admissions
38 requirements for ability-to-benefit students, and a list describing
39 any transfer or articulation agreements between the institution and
40 any other college or university that provides for the transfer of

1 credits earned in the program of instruction. If the institution has
2 not entered into an articulation or transfer agreement with any
3 other college or university, the institution shall disclose that fact.

4 (B) Cancellation, withdrawal, and refund policies, including an
5 explanation that the student has the right to cancel the enrollment
6 agreement and obtain a refund of charges paid through attendance
7 at the first class session, or the seventh day after enrollment,
8 whichever is later. The text shall also include a description of the
9 procedures that a student is required to follow to cancel the
10 enrollment agreement or withdraw from the institution and obtain
11 a refund consistent with the requirements of Article 13
12 (commencing with Section 94919).

13 (C) Probation and dismissal policies.

14 (D) Attendance policies.

15 (E) Leave-of-absence policies.

16 (9) The schedule of total charges for a period of attendance and
17 an estimated schedule of total charges for the entire educational
18 program.

19 (10) A statement reporting whether the institution participates
20 in federal and state financial aid programs, and if so, all consumer
21 information that is required to be disclosed to the student pursuant
22 to the applicable federal and state financial aid programs.

23 (11) A statement specifying that, if a student obtains a loan to
24 pay for an educational program, the student will have the
25 responsibility to repay the full amount of the loan plus interest,
26 less the amount of any refund, and that, if the student has received
27 federal student financial aid funds, the student is entitled to a refund
28 of the moneys not paid from federal student financial aid program
29 funds.

30 (12) A statement specifying whether the institution has a pending
31 petition in bankruptcy, is operating as a debtor in possession, has
32 filed a petition within the preceding five years, or has had a petition
33 in bankruptcy filed against it within the preceding five years that
34 resulted in reorganization under Chapter 11 of the United States
35 Bankruptcy Code (11 U.S.C. Sec. 1101 et seq.).

36 (13) If the institution provides placement services, a description
37 of the nature and extent of the placement services.

38 (14) A description of the student's rights and responsibilities
39 with respect to the Student Tuition Recovery Fund. This statement
40 shall specify that it is a state requirement that a student who pays

1 his or her tuition is required to pay a state-imposed assessment for
2 the Student Tuition Recovery Fund. This statement shall also
3 describe the purpose and operation of the Student Tuition Recovery
4 Fund and the requirements for filing a claim against the Student
5 Tuition Recovery Fund.

6 (15) The following statement:

7
8 “NOTICE CONCERNING TRANSFERABILITY OF
9 CREDITS AND CREDENTIALS EARNED AT OUR
10 INSTITUTION

11 The transferability of credits you earn at (name of institution)
12 is at the complete discretion of an institution to which you
13 may seek to transfer. Acceptance of the (degree, diploma, or
14 certificate) you earn in (name of educational program) is also
15 at the complete discretion of the institution to which you may
16 seek to transfer. If the (credits or degree, diploma, or
17 certificate) that you earn at this institution are not accepted at
18 the institution to which you seek to transfer, you may be
19 required to repeat some or all of your coursework at that
20 institution. For this reason you should make certain that your
21 attendance at this institution will meet your educational goals.
22 This may include contacting an institution to which you may
23 seek to transfer after attending (name of institution) to
24 determine if your (credits or degree, diploma or certificate)
25 will transfer.”

26
27 (16) A statement specifying whether the institution, or any of
28 its degree programs, are accredited by an accrediting agency
29 recognized by the United States Department of Education. If the
30 institution is unaccredited and offers an associate, baccalaureate,
31 master’s, or doctoral degree, or is accredited and offers an
32 unaccredited program for an associate, baccalaureate, master’s, or
33 doctoral degree, the statement shall disclose the known limitations
34 of the degree program, including, but not limited to, all of the
35 following:

36 (A) Whether a graduate of the degree program will be eligible
37 to sit for the applicable licensure exam in California and other
38 states.

39 (B) A degree program that is unaccredited or a degree from an
40 unaccredited institution is not recognized for some employment

1 positions, including, but not limited to, positions with the State of
2 California.

3 (C) That a student enrolled in an unaccredited institution is not
4 eligible for federal financial aid programs.

5 (b) If the institution has a general student brochure, the
6 institution shall provide that brochure to the prospective student
7 prior to enrollment. In addition, if the institution has a
8 program-specific student brochure for the program in which the
9 prospective student seeks to enroll, the institution shall provide
10 the program-specific student brochure to the prospective student
11 prior to enrollment.

12 (c) An institution shall provide the school catalog to any person
13 upon request. In addition, if the institution has student brochures,
14 the institution shall disclose the requested brochures to any
15 interested person upon request.

16 ~~SEC. 52.~~

17 *SEC. 54.* Section 94910 of the Education Code is amended to
18 read:

19 94910. Prior to enrollment, an institution shall provide a
20 prospective student with a School Performance Fact Sheet
21 containing, at a minimum, the following information, as it relates
22 to the educational program:

23 (a) Completion rates, as calculated pursuant to Article 16
24 (commencing with Section 94928).

25 (b) Placement rates for each educational program, as calculated
26 pursuant to Article 16 (commencing with Section 94928), if the
27 educational program is designed to lead to, or the institution makes
28 any express or implied claim related to preparing students for, a
29 recognized career, occupation, vocation, job, or job title.

30 (c) License examination passage rates for programs leading to
31 employment for which passage of a state licensing examination is
32 required, as calculated pursuant to Article 16 (commencing with
33 Section 94928).

34 (d) Salary or wage information, as calculated pursuant to Article
35 16 (commencing with Section 94928).

36 (e) If a program is too new to provide data for any of the
37 categories listed in this subdivision, the institution shall state on
38 its fact sheet: "This program is new. Therefore, the number of
39 students who graduate, the number of students who are placed, or
40 the starting salary you can earn after finishing the educational

program are unknown at this time. Information regarding general salary and placement statistics may be available from government sources or from the institution, but is not equivalent to actual performance data.”

(f) All of the following:

(1) A description of the manner in which the figures described in subdivisions (a) to (d), inclusive, are calculated or a statement informing the reader of where he or she may obtain a description of the manner in which the figures described in subdivisions (a) to (d), inclusive, are calculated.

(2) A statement informing the reader of where he or she may obtain from the institution a list of the employment positions determined to be within the field for which a student received education and training for the calculation of job placement rates as required by subdivision (b).

(3) A statement informing the reader of where he or she may obtain from the institution a list of the objective sources of information used to substantiate the salary disclosure as required by subdivision (d).

(g) The following statements:

(1) “This fact sheet is filed with the Board for Private Postsecondary Education. Regardless of any information you may have relating to completion rates, placement rates, starting salaries, or license exam passage rates, this fact sheet contains the information as calculated pursuant to state law.”

(2) “Any questions a student may have regarding this fact sheet that have not been satisfactorily answered by the institution may be directed to the Board for Private Postsecondary Education at (address), Sacramento, CA (ZIP Code), (Internet Web site address), (telephone and fax numbers).”

(h) If the institution participates in federal financial aid programs, the most recent three-year cohort default rate reported by the United States Department of Education for the institution and the percentage of enrolled students receiving federal student loans.

~~SEC. 53.~~

SEC. 55. Section 94911 of the Education Code is amended to read:

94911. An enrollment agreement shall include, at a minimum, all of the following:

1 (a) The name of the institution and the name of the educational
2 program, including the total number of credit hours, clock hours,
3 or other increment required to complete the educational program.

4 (b) A schedule of total charges, including a list of any charges
5 that are nonrefundable and the student's obligations to the Student
6 Tuition Recovery Fund, clearly identified as nonrefundable
7 charges.

8 (c) In underlined capital letters on the same page of the
9 enrollment agreement in which the student's signature is required,
10 the total charges for the current period of attendance, the estimated
11 total charges for the entire educational program, and the total
12 charges the student is obligated to pay upon enrollment.

13 (d) A clear and conspicuous statement that the enrollment
14 agreement is legally binding when signed by the student and
15 accepted by the institution.

16 (e) (1) A disclosure with a clear and conspicuous caption,
17 "STUDENT'S RIGHT TO CANCEL," under which it is explained
18 that the student has the right to cancel the enrollment agreement
19 and obtain a refund of charges paid through attendance at the first
20 class session, or the seventh day after enrollment, whichever is
21 later.

22 (2) The disclosure shall contain the institution's refund policy
23 and a statement that, if the student has received federal student
24 financial aid funds, the student is entitled to a refund of moneys
25 not paid from federal student financial aid program funds.

26 (3) The text shall also include a description of the procedures
27 that a student is required to follow to cancel the enrollment
28 agreement or withdraw from the institution and obtain a refund.

29 (f) A statement specifying that, if the student obtains a loan to
30 pay for an educational program, the student will have the
31 responsibility to repay the full amount of the loan plus interest,
32 less the amount of any refund.

33 (g) A statement specifying that, if the student is eligible for a
34 loan guaranteed by the federal or state government and the student
35 defaults on the loan, both of the following may occur:

36 (1) The federal or state government or a loan guarantee agency
37 may take action against the student, including applying any income
38 tax refund to which the person is entitled to reduce the balance
39 owed on the loan.

1 (2) The student may not be eligible for any other federal student
2 financial aid at another institution or other government assistance
3 until the loan is repaid.

4 (h) The transferability disclosure that is required to be included
5 in the school catalog, as specified in paragraph (15) of subdivision
6 (a) of Section 94909.

7 (i) (1) The following statement: “Prior to signing this enrollment
8 agreement, you must be given a catalog or brochure and a School
9 Performance Fact Sheet, which you are encouraged to review prior
10 to signing this agreement. These documents contain important
11 policies and performance data for this institution. This institution
12 is required to have you sign and date the information included in
13 the School Performance Fact Sheet relating to completion rates,
14 placement rates, license examination passage rates, salaries or
15 wages, and the most recent three-year cohort default rate, if
16 applicable, prior to signing this agreement.”

17 (2) Immediately following the statement required by paragraph
18 (1), a line for the student to initial, including the following
19 statement: “I certify that I have received the catalog, School
20 Performance Fact Sheet, and information regarding completion
21 rates, placement rates, license examination passage rates, salary
22 or wage information, and the most recent three-year cohort default
23 rate, if applicable, included in the School Performance Fact Sheet,
24 and have signed, initialed, and dated the information provided in
25 the School Performance Fact Sheet.”

26 (j) The following statements:

27
28 (1) “Any questions a student may have regarding this
29 enrollment agreement that have not been satisfactorily
30 answered by the institution may be directed to the Board for
31 Private Postsecondary Education at (address), Sacramento,
32 CA (ZIP Code), (Internet Web site address), (telephone and
33 fax numbers).”

34
35 (2) “A student or any member of the public may file a complaint
36 about this institution with the Board for Private Postsecondary
37 Education by calling (toll-free telephone number) or by completing
38 a complaint form, which can be obtained on the board’s Internet
39 Web site (Internet Web site address).”
40

(k) The following statement above the space for the student's signature:

"I understand that this is a legally binding contract. My signature below certifies that I have read, understood, and agreed to my rights and responsibilities, and that the institution's cancellation and refund policies have been clearly explained to me."

~~SEC. 54.~~

SEC. 56. Section 94913 of the Education Code is amended to read:

94913. (a) An institution that maintains an Internet Web site shall provide on that Internet Web site all of the following:

- (1) The school catalog.
- (2) A School Performance Fact Sheet for each educational program offered by the institution.
- (3) Student brochures offered by the institution.
- (4) A link to the board's Internet Web site.
- (5) The institution's most recent annual report submitted to the board.

(b) An institution shall include information concerning where students may access the board's Internet Web site anywhere the institution identifies itself as being approved by the board.

~~SEC. 55.~~

SEC. 57. Section 94920 of the Education Code is amended to read:

94920. An institution that does not participate in the federal student financial aid programs shall do all of the following:

(a) The institution shall advise each student that a notice of cancellation shall be in writing, and that a withdrawal may be effectuated by the student's written notice or by the student's conduct, including, but not necessarily limited to, a student's lack of attendance.

(b) Institutions shall refund 100 percent of the amount paid for institutional charges, less a reasonable deposit or application fee not to exceed two hundred fifty dollars (\$250), if notice of cancellation is made through attendance at the first class session, or the seventh day after enrollment, whichever is later.

1 (c) The board may adopt by regulation a different method of
2 calculation for instruction delivered by other means, including,
3 but not necessarily limited to, distance education.

4 (d) The institution shall have a refund policy for the return of
5 unearned institutional charges if the student cancels an enrollment
6 agreement or withdraws during a period of attendance. The refund
7 policy for students who have completed 60 percent or less of the
8 period of attendance shall be a pro rata refund.

9 (e) The institution shall pay or credit refunds within 45 days of
10 a student's cancellation or withdrawal.

11 ~~SEC. 56.~~

12 *SEC. 58.* Section 94921 of the Education Code is amended to
13 read:

14 94921. An institution offering an educational program for
15 which the refund calculations set forth in this article cannot be
16 utilized because of the unique way in which the educational
17 program is structured, may petition the board for an alternative
18 method of calculating tuition refunds.

19 ~~SEC. 57.~~

20 *SEC. 59.* Section 94923 of the Education Code is amended to
21 read:

22 94923. (a) ~~The board~~ *Student Tuition Recovery Fund relieves*
23 *or mitigates economic loss suffered by a student while enrolled in*
24 *an educational program at a nonexempt institution under Article*
25 *4 (commencing with Section 94874), as a result of the institution's*
26 *violation of law.*

27 (b) *The board* shall adopt by regulation procedures governing
28 the administration and maintenance of the Student Tuition
29 Recovery Fund, including requirements relating to assessments
30 on students and student claims against the Student Tuition
31 Recovery Fund. *The regulations shall provide for awards to*
32 *students who suffer economic loss.*

33 The regulations shall ensure that the following students, and any
34 other students deemed appropriate, are eligible for payment from
35 the Student Tuition Recovery Fund:

36 (1) In the event of a school closure, a student who attended the
37 institution within 120 days of the closure, *or within a different*
38 *period prior to the closure as determined by the board.*

39 (2) Students to whom an institution has been ordered to pay
40 refunds by the board but has failed to do so.

(3) Students who have been awarded restitution, refunds or monetary awards by an arbitrator or court, *based on a violation of law*, but who have been unable to collect the award from the institution. *The board shall review the judgment to verify a violation of law, and shall ensure the amount of the award does not exceed the student's economic loss.*

(4) Students whose programs have been discontinued at the campus they attend before they are able to complete the program.

~~(b)~~

(c) Students who suffered losses due to an institution's violation of this act, *as determined by the board*, shall be eligible for payment from the Student Tuition Recovery Fund.

(d) *The board may seek repayment to the Student Tuition Recovery Fund from an institution found in violation of the law for which a student claim was paid.*

(e) *For purposes of this article, "economic loss" means pecuniary loss, which is the sum of the student's tuition, cost of equipment and materials required for the educational program as defined in Section 94837, and interest on any student loan used to pay for such charges, collection costs, and penalties. Economic loss shall also include the amount the institution collected and failed to pay to third parties on behalf of the student for license fees or any other purpose. Economic loss does not include Student Tuition Recovery Fund assessments, room and board, supplies, transportation, application fees, or nonpecuniary damages such as inconvenience, aggravation, emotional distress, or punitive damages.*

~~SEC. 58.~~

SEC. 60. Section 94924 of the Education Code is amended to read:

94924. All assessments collected pursuant to this article shall be credited to the Student Tuition Recovery Fund, along with any accrued interest, for the purpose of this article. Notwithstanding Section 13340 of the Government Code, the moneys in the Student Tuition Recovery Fund are continuously appropriated to the board, without regard to fiscal year, for the purposes of this article.

~~SEC. 59.~~

SEC. 61. Section 94926 of the Education Code is amended to read:

1 94926. At least 30 days prior to closing, an institution shall
2 notify the board in writing of its intention to close. The notice shall
3 be accompanied by a closure plan, which shall include, but not
4 necessarily be limited to, all of the following:

5 (a) A plan for providing teach-outs of educational programs,
6 including any agreements with any other postsecondary educational
7 institutions to provide teach-outs.

8 (b) If no teach-out plan is contemplated, or for students who do
9 not wish to participate in a teach-out, arrangements for making
10 refunds within 45 days from the date of closure, or for institutions
11 that participate in federal student financial aid programs
12 arrangements for making refunds and returning federal student
13 financial aid program funds.

14 (c) If the institution is a participant in federal student financial
15 aid programs, it shall provide students information concerning
16 these programs and institutional closures.

17 (d) A plan for the disposition of student records.

18 ~~SEC. 60.~~

19 *SEC. 62.* Section 94927 of the Education Code is amended to
20 read:

21 94927. An institution shall be considered in default of the
22 enrollment agreement when an educational program is discontinued
23 or canceled or the institution closes prior to completion of the
24 educational program. When an institution is in default, student
25 institutional charges may be refunded on a pro rata basis if the
26 board determines that the school has made provision for students
27 enrolled at the time of default to complete a comparable educational
28 program at another institution at no additional charge to the
29 students beyond the amount of the total charges in the original
30 enrollment agreement. If the institution does not make that
31 provision, a total refund of all institutional charges shall be made
32 to students.

33 ~~SEC. 61.~~

34 *SEC. 63.* Section 94927.5 of the Education Code is amended
35 to read:

36 94927.5. (a) Prior to closing, an institution shall provide the
37 board with the following:

38 (1) Pertinent student records, including transcripts, as determined
39 by the board, pursuant to regulations adopted by the board.

(2) If the institution is an accredited institution, a plan for the retention of records and transcripts, approved by the institution's accrediting agency, that provides information as to how a student may obtain a transcript or any other information about the student's coursework and degrees completed.

(b) Subdivision (a) applies to all private postsecondary institutions, including institutions that are otherwise exempt from this chapter pursuant to Article 4 (commencing with Section 94874).

~~SEC. 62.~~

SEC. 64. Section 94928 of the Education Code is amended to read:

94928. As used in this article, the following terms have the following meanings:

(a) "Cohort population" means the number of students that began a program on a cohort start date.

(b) "Cohort start date" means the first class day after the cancellation period during which a cohort of students attends class for a specific program.

(c) "Graduates" means the number of students who complete a program within 100 percent of the published program length. An institution may separately state completion information for students completing the program within 150 percent of the original contracted time, but that information may not replace completion information for students completing within the original scheduled time. Completion information shall be separately stated for each campus or branch of the institution.

(d) "Graduates available for employment" means the number of graduates minus the number of graduates unavailable for employment.

(e) (1) "Graduates employed in the field" means graduates who are gainfully employed in a single position for which the institution represents the program prepares its graduates within six months after a student completes the applicable educational program. For occupations for which the state requires passing an examination, the period of employment shall begin within six months of the announcement of the examination results for the first examination available after a student completes an applicable educational program.

1 (2) The board shall define by July 1, 2014, specific measures
2 and standards for determining whether a student is gainfully
3 employed in a full-time or part-time position for which the
4 institution represents the program prepares its graduates, including
5 self-employment or conducting freelance work, and may set the
6 standards for the hours per week and duration of employment and
7 utilize any job classification methodology the board determines
8 appropriate for this purpose, including, but not limited to, the
9 United States Department of Labor's Standard Occupational
10 Classification codes.

11 (3) This subdivision does not prohibit the board from authorizing
12 an institution to aggregate single positions held by a graduate for
13 purposes of meeting the hours per week standards established by
14 the board.

15 (f) "Graduates unavailable for employment" means graduates
16 who, after graduation, die, become incarcerated, are called to active
17 military duty, are international students that leave the United States
18 or do not have a visa allowing employment in the United States,
19 or are continuing their education at an accredited or board-approved
20 postsecondary institution.

21 (g) "Students available for graduation" means the cohort
22 population minus the number of students unavailable for
23 graduation.

24 (h) "Students unavailable for graduation" means students who
25 have died, been incarcerated, or called to active military duty.

26 ~~SEC. 63.~~

27 *SEC. 65.* Section 94929 of the Education Code is amended to
28 read:

29 94929. (a) An institution shall annually report to the board,
30 as part of the annual report, and publish in its School Performance
31 Fact Sheet, the completion rate for each program. Except as
32 provided in subdivision (b), the completion rate shall be calculated
33 by dividing the number of graduates by the number of students
34 available for graduation.

35 (b) In lieu of calculating graduation data pursuant to subdivision
36 (a), an institution may report graduation data reported to, and
37 calculated by, the Integrated Postsecondary Education Data System
38 of the United States Department of Education.

1 ~~SEC. 64.~~

2 *SEC. 66.* Section 94929.5 of the Education Code is amended
3 to read:

4 94929.5. (a) An institution shall annually report to the board,
5 as part of the annual report, and shall publish in its School
6 Performance Fact Sheet, all of the following:

7 (1) The job placement rate, calculated by dividing the number
8 of graduates employed in the field by the number of graduates
9 available for employment for each program that is either (1)
10 designed, or advertised, to lead to a particular career, or (2)
11 advertised or promoted with any claim regarding job placement.

12 (2) The license examination passage rates for the immediately
13 preceding two years for programs leading to employment for which
14 passage of a state licensing examination is required, calculated by
15 dividing the number of graduates who pass the examination by the
16 number of graduates who take the licensing examination the first
17 time that the examination is available after completion of the
18 educational program. The institution shall use state agency
19 licensing data to calculate license examination passage rates. If
20 those data are unavailable, the institution shall calculate the license
21 examination passage rate in a manner consistent with regulations
22 adopted by the board.

23 (3) Salary and wage information, consisting of the total number
24 of graduates employed in the field and the annual wages or salaries
25 of those graduates stated in increments of five thousand dollars
26 (\$5,000).

27 (4) If applicable, the most recent official three-year cohort
28 default rate reported by the United States Department of Education
29 for the institution and the percentage of enrolled students receiving
30 federal student loans.

31 (b) Nothing in this section shall limit the board's authority to
32 collect information from an institution to comply with this section
33 and ensure, by regulation and other lawful means, that the
34 information required by this section, and the manner in which it
35 is collected and reported, is all of the following:

36 (1) Useful to students.

37 (2) Useful to policymakers.

38 (3) Based upon the most credible and verifiable data available.

39 (4) Does not impose undue compliance burdens on an institution.

1 ~~SEC. 65.~~

2 *SEC. 67.* Section 94929.7 of the Education Code is amended
3 to read:

4 94929.7. (a) The information used to substantiate the rates
5 and information calculated pursuant to Sections 94929 and 94929.5
6 shall do both of the following:

7 (1) Be documented and maintained by the institution for five
8 years from the date of the publication of the rates and information.

9 (2) Be retained in an electronic format and made available to
10 the board upon request.

11 (b) An institution shall provide a list of employment positions
12 used to determine the number of graduates employed in the field
13 for purposes of calculating job placement rates pursuant to this
14 article.

15 (c) The board shall identify the specific information that an
16 institution is required to document and maintain to substantiate
17 rates and information pursuant to this section.

18 ~~SEC. 66.~~

19 *SEC. 68.* Section 94929.8 of the Education Code is amended
20 to read:

21 94929.8. (a) The board shall establish, by regulation as
22 specified in Section 94877, a uniform method for institutions to
23 obtain statistically valid, current, and representative data to comply
24 with this article.

25 (b) A violation of the regulations adopted pursuant to
26 subdivision (a) is a material violation of this chapter.

27 ~~SEC. 67.~~

28 *SEC. 69.* Section 94929.9 is added to the Education Code, to
29 read:

30 94929.9. (a) The board shall report to the Legislature, on or
31 before October 1, 2015, ~~on efforts to streamline the board's~~
32 ~~approval to operate process for institutions while ensuring whether~~
33 *data reporting and disclosure requirements under the act may be*
34 *appropriately consolidated with reporting required by other*
35 *regulatory bodies, including, but not limited to, the United States*
36 *Department of Education, the Student Aid Commission, or*
37 *accrediting agencies. It is the intent of the Legislature that the*
38 *same or similar data information, as is required to be reported to*
39 *the board pursuant to this article, is being article shall be reported*
40 *to students in a clear and conspicuous manner.*

(b) (1) A report to be submitted to the Legislature pursuant to subdivision (a) shall be submitted in compliance with Section 9795 of the Government Code.

(2) Pursuant to Section 10231.5 of the Government Code, this section is repealed January 1, 2019.

~~SEC. 68.~~

SEC. 70. Section 94930 of the Education Code is amended to read:

94930. (a) All fees collected pursuant to this article, including any interest on those fees, shall be deposited in the Private Postsecondary Education Administration Fund, and shall be available, upon appropriation by the Legislature, for expenditure by the board for the administration of this chapter.

(b) If the board determines by regulation that the adjustment of the fees established by this article is consistent with the intent of this chapter, the board may adjust the fees. However, the board shall not maintain a reserve balance in the Private Postsecondary Education Administration Fund in an amount that is greater than the amount necessary to fund six months of authorized operating expenses of the board in any fiscal year.

~~SEC. 69.~~

SEC. 71. Section 94930.5 of the Education Code is amended to read:

94930.5. Subject to Section 94930, an institution shall remit to the board for deposit in the Private Postsecondary Education Administration Fund the following fees, in accordance with the following schedule:

(a) The following fees shall be remitted by an institution submitting an application for an approval to operate, if applicable:

(1) Application fee for an approval to operate: five thousand dollars (\$5,000).

(2) Application fee for the approval to operate a new branch of the institution: three thousand dollars (\$3,000).

(3) Application fee for an approval to operate by means of accreditation: seven hundred fifty dollars (\$750).

(b) The following fees shall be remitted by an institution seeking a renewal of its approval to operate, if applicable:

(1) Renewal fee for the main campus of the institution: three thousand five hundred dollars (\$3,500).

1 (2) Renewal fee for a branch of the institution: three thousand
2 dollars (\$3,000).

3 (3) Renewal fee for an institution that is approved to operate by
4 means of accreditation: five hundred dollars (\$500).

5 (c) The following fees shall apply to an institution seeking
6 authorization of a substantive change to its approval to operate, if
7 applicable:

8 (1) Processing fee for authorization of a substantive change to
9 an approval to operate: five hundred dollars (\$500).

10 (2) Processing fee in connection with a substantive change to
11 an approval to operate by means of accreditation: two hundred
12 fifty dollars (\$250).

13 (d) (1) In addition to any fees paid to the board pursuant to
14 subdivisions (a) to (c), inclusive, each institution that is approved
15 to operate pursuant to this chapter shall remit both of the following:

16 (A) An annual institutional fee, in an amount equal to
17 three-quarters of 1 percent of the institution's annual revenues
18 derived from students in California, but not exceeding a total of
19 twenty-five thousand dollars (\$25,000) annually.

20 (B) An annual branch fee of one thousand dollars (\$1,000) for
21 each branch or campus of the institution operating in California.

22 (2) The amount of the annual fees pursuant to paragraph (1)
23 shall be proportional to the board's cost of regulating the institution
24 under this chapter.

25 ~~SEC. 70.~~

26 *SEC. 72.* Section 94931.5 of the Education Code is amended
27 to read:

28 94931.5. (a) The board may propose modifications to the fee
29 schedule in Section 94930.5 to the Governor and the Legislature
30 to add or delete categories of fees related to work performed by
31 the board and propose to the Governor and the Legislature the
32 maximum amount to be charged for each fee category added to
33 the fee schedule. The fee schedule shall provide adequate resources
34 for the board to effectively implement this chapter.

35 (b) The board shall annually publish a schedule of the current
36 fees to be charged pursuant to this article and shall make this
37 schedule available to the public.

38 ~~SEC. 71.~~

39 *SEC. 73.* Section 94932 of the Education Code is amended to
40 read:

1 94932. The board shall determine an institution's compliance
2 with the requirements of this chapter. The board shall have the
3 power to require reports that institutions shall file with the board
4 in addition to the annual report, to send staff to an institution's
5 sites, and to require documents and responses from an institution
6 to monitor compliance. When the board has reason to believe that
7 an institution may be out of compliance, it shall conduct an
8 investigation of the institution. If the board determines, after
9 completing an investigation, that an institution has violated any
10 applicable law or regulation, the board shall take appropriate action
11 pursuant to this article.

12 ~~SEC. 72.~~

13 *SEC. 74.* Section 94932.5 of the Education Code is amended
14 to read:

15 94932.5. (a) As part of its compliance program, the board shall
16 perform announced and unannounced inspections of institutions
17 at least every five years.

18 (b) On or before January 1, 2016, the board shall adopt
19 regulations setting forth policies and practices to ensure that student
20 protections are the highest priority of inspections and that
21 inspections are conducted based on risk and potential harm to
22 students. The regulations shall also set forth policies and practices
23 for providing notice to students enrolled at an institution of the
24 results of each inspection of the institution.

25 ~~SEC. 73.~~

26 *SEC. 75.* Section 94933 of the Education Code is amended to
27 read:

28 94933. The board shall provide an institution with the
29 opportunity to remedy noncompliance, impose fines, place the
30 institution on probation, or suspend or revoke the institution's
31 approval to operate, in accordance with this article, as it deems
32 appropriate based on the severity of an institution's violations of
33 this chapter, and the harm caused to students.

34 ~~SEC. 74.~~

35 *SEC. 76.* Section 94933.5 of the Education Code is amended
36 to read:

37 94933.5. As much as is practicable, the board shall seek to
38 resolve instances of noncompliance, including the use of alternative
39 dispute resolution procedures in Article 5 (commencing with

1 Section 11420.10) of Chapter 4.5 of Part 1 of Division 3 of Title
2 2 of the Government Code.

3 ~~SEC. 75.~~

4 *SEC. 77.* Section 94934 of the Education Code is amended to
5 read:

6 94934. (a) As part of the compliance program, an institution
7 shall submit an annual report to the board, under penalty of perjury,
8 signed by a responsible corporate officer, by July 1 of each year,
9 or another date designated by the board, and it shall include the
10 following information for educational programs offered in the
11 reporting period:

12 (1) The total number of students enrolled by level of degree or
13 for a diploma.

14 (2) The number of degrees, by level, and diplomas awarded.

15 (3) The degree levels and diplomas offered.

16 (4) The Student Performance Fact Sheet, as required pursuant
17 to Section 94910.

18 (5) The school catalog, as required pursuant to Section 94909.

19 (6) The total charges for each educational program by period
20 of attendance.

21 (7) A statement indicating whether the institution is, or is not,
22 current in remitting Student Tuition Recovery Fund assessments.

23 (8) A statement indicating whether an accrediting agency has
24 taken any final disciplinary action against the institution.

25 (9) Additional information deemed by the board to be reasonably
26 required to ascertain compliance with this chapter.

27 (b) The board shall prescribe the annual report's format and
28 method of delivery.

29 ~~SEC. 76.~~

30 *SEC. 78.* Section 94935 of the Education Code is amended to
31 read:

32 94935. (a) Board staff who, during an inspection of an
33 institution, detect a violation of this chapter, or regulations adopted
34 pursuant to this chapter, that is a minor violation as determined by
35 the board, pursuant to regulations, shall issue a notice to comply
36 before leaving the institution. The board shall establish a voluntary
37 informal appeal process, by regulation, within one year of the
38 enactment of this chapter.

1 (b) An institution that receives a notice to comply shall have no
2 more than 30 days from the date of inspection to remedy the
3 noncompliance.

4 (c) Upon achieving compliance, the institution shall sign and
5 return the notice to comply to the board.

6 (d) A single notice to comply shall be issued listing separately
7 all the minor violations cited during the inspection.

8 (e) A notice to comply shall not be issued for any minor
9 violation that is corrected immediately in the presence of the board
10 staff. Immediate compliance may be noted in the inspection report,
11 but the institution shall not be subject to any further action by the
12 board.

13 (f) A notice to comply shall be the only means the board shall
14 use to cite a minor violation discovered during an inspection. The
15 board shall not take any other enforcement action specified in this
16 chapter against an institution that has received a notice to comply
17 if the institution remedies the violation within 30 days from the
18 date of the inspection.

19 (g) If an institution that receives a notice to comply pursuant to
20 subdivision (a) disagrees with one or more of the alleged minor
21 violations listed in the notice to comply, an institution shall send
22 the board a written notice of disagreement. The agency may take
23 administrative enforcement action to seek compliance with the
24 requirements of the notice to comply.

25 (h) If an institution fails to comply with a notice to comply
26 within the prescribed time, the board shall take appropriate
27 administrative enforcement action.

28 ~~SEC. 77.~~

29 *SEC. 79.* Section 94936 of the Education Code is amended to
30 read:

31 94936. (a) As a consequence of an investigation, and upon a
32 finding that the institution has committed a violation of this chapter
33 or that the institution has failed to comply with a notice to comply
34 pursuant to Section 94935, the board shall issue a citation to an
35 institution for violation of this chapter, or regulations adopted
36 pursuant to this chapter.

37 (b) The citation may contain either or both of the following:

38 (1) An order of abatement that may require an institution to
39 demonstrate how future compliance with this chapter or regulations
40 adopted pursuant to this chapter will be accomplished.

(2) Notwithstanding Section 125.9 of the Business and Professions Code, an administrative fine not to exceed five thousand dollars (\$5,000) for each violation. The board shall base its assessment of the administrative fine on:

- (A) The nature and seriousness of the violation.
- (B) The persistence of the violation.
- (C) The good faith of the institution.
- (D) The history of previous violations.
- (E) The purposes of this chapter.
- (F) The potential harm to students.

(c) (1) The citation shall be in writing and describe the nature of the violation and the specific provision of law or regulation that is alleged to have been violated.

(2) The citation shall inform the institution of its right to request a hearing in writing within 30 days from service of the citation.

(3) If a hearing is requested, the board shall select an informal hearing pursuant to Article 10 (commencing with Section 11445.10) of Chapter 4.5 of Part 1 of Division 3 of Title 2 of the Government Code or a formal hearing pursuant to Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

(4) If a hearing is not requested, payment of the administrative fine is due 30 days from the date of service, and shall not constitute an admission of the violation charged.

(5) If a hearing is conducted and payment of an administrative fine is ordered, the administrative fine is due 30 days from when the final order is entered.

(6) The board may enforce the administrative fine as if it were a money judgment pursuant to Title 9 (commencing with Section 680.010) of Part 2 of the Code of Civil Procedure.

(d) All administrative fines shall be deposited in the Private Postsecondary Education Administration Fund.

~~SEC. 78.~~

SEC. 80. Section 94937 of the Education Code is amended to read:

94937. (a) As a consequence of an investigation, and upon a finding that an institution has committed a violation, the board may place an institution on probation or may suspend or revoke an institution's approval to operate for:

- (1) Obtaining an approval to operate by fraud.

(2) A material violation or repeated violations of this chapter or regulations adopted pursuant to this chapter that have resulted in harm to students. For purposes of this paragraph, “material violation” includes, but is not limited to, misrepresentation, fraud in the inducement of a contract, and false or misleading claims or advertising, upon which a student reasonably relied in executing an enrollment agreement and that resulted in harm to the student.

(b) The board shall adopt regulations governing probation and suspension of an approval to operate.

(c) The board may seek reimbursement pursuant to Section 125.3 of the Business and Professions Code.

(d) An institution shall not be required to pay the cost of investigation to more than one agency.

~~SEC. 79.~~

SEC. 81. Section 94938 of the Education Code is amended to read:

94938. (a) If the board determines that it needs to make an emergency decision to protect students, prevent misrepresentation to the public, or prevent the loss of public funds or moneys paid by students, it may do so pursuant to Article 13 (commencing with Section 11460.10) of Chapter 4.5 of Part 1 of Division 3 of Title 2 of the Government Code.

(b) The board shall adopt regulations to give this section effect pursuant to Section 11460.20 of the Government Code.

~~SEC. 80.~~

SEC. 82. Section 94939 of the Education Code is amended to read:

94939. (a) The board may bring an action for equitable relief for any violation of this chapter. The equitable relief may include restitution, a temporary restraining order, the appointment of a receiver, and a preliminary or permanent injunction. The action may be brought in the county in which the defendant resides or in which any violation has occurred or may occur.

(b) The remedies provided in this section supplement, and do not supplant, the remedies and penalties under other provisions of law.

~~SEC. 81.~~

SEC. 83. Section 94941 of the Education Code is amended to read:

1 94941. (a) An individual who has cause to believe that an
2 institution has violated this chapter, or regulations adopted pursuant
3 to this chapter, may file a complaint with the board against the
4 institution. The complaint shall set forth the alleged violation, and
5 shall contain any other information as may be required by the
6 board.

7 (b) Taking into account the nature and seriousness of the alleged
8 violation, the board shall take action to ascertain the facts and to
9 verify the complaint. The action may include interviewing
10 institution management, conducting an investigation, holding an
11 informal hearing, or other appropriate investigative activity.

12 (c) Upon the facts discovered, the board shall take appropriate
13 administrative enforcement action.

14 (d) If the board finds that an institution's violation of this chapter
15 has caused damage or loss to a student or group of students, the
16 board shall order the institution to provide appropriate restitution
17 to that student or group of students.

18 (e) The board shall establish a timeline by which complaints
19 filed pursuant to this section shall be processed and establish
20 procedures to prioritize complaints as follows:

21 (1) "Urgent complaints" represent complaints regarding an
22 immediate danger to the public health, safety, or welfare, and the
23 board shall give these complaints the highest priority.

24 (2) "High-priority complaints" include complaints that could
25 potentially pose a danger, but pose no immediate danger, to the
26 public health, safety, or welfare. The board shall give high-priority
27 complaints less priority than urgent complaints but more priority
28 than routine complaints.

29 (3) "Routine complaints" are complaints that do not pose any
30 significant risk of harm to the public health, safety, or welfare.

31 ~~SEC. 82.~~

32 *SEC. 84.* Section 94942 of the Education Code is amended to
33 read:

34 94942. (a) The board shall establish a toll-free telephone
35 number staffed by a board employee by which a student or a
36 member of the public may file a complaint under this chapter.

37 (b) The board shall make a complaint form available on its
38 Internet Web site. The board shall permit students and members
39 of the public to file a complaint under this chapter through the
40 board's Internet Web site.

1 ~~SEC. 83.~~

2 *SEC. 85.* Section 94943 of the Education Code is amended to
3 read:

4 94943. The following violations of this chapter are public
5 offenses:

6 (a) Knowingly operating a private postsecondary institution
7 without an approval to operate is an infraction subject to the
8 procedures described in Sections 19.6 and 19.7 of the Penal Code.

9 (b) Knowingly providing false information to the board on an
10 application for an approval to operate is an infraction subject to
11 the procedures described in Sections 19.6 and 19.7 of the Penal
12 Code.

13 (c) Knowingly submitting, to the board, false information that
14 is required to be reported pursuant to Article 16 (commencing with
15 Section 94928) is an infraction subject to the procedures described
16 in Sections 19.6 and 19.7 of the Penal Code.

17 ~~SEC. 84.~~

18 *SEC. 86.* Section 94943.5 of the Education Code is amended
19 to read:

20 94943.5. An institution shall designate and maintain an agent
21 for service of process within this state, and provide the name,
22 address, and telephone number of the agent to the board. The board
23 shall furnish the agent's name, address, and telephone number to
24 a person upon request.

25 ~~SEC. 85.~~

26 *SEC. 87.* Section 94944 of the Education Code is amended to
27 read:

28 94944. Notwithstanding any other provision of law, the board
29 shall cite any person, and that person shall be subject to a fine not
30 to exceed fifty thousand dollars (\$50,000), for operating an
31 institution without proper approval to operate issued by the board
32 pursuant to this chapter.

33 ~~SEC. 86.~~

34 *SEC. 88.* Section 94944.5 of the Education Code is amended
35 to read:

36 94944.5. Each institution subject to this chapter shall be deemed
37 to have authorized its accrediting agency to provide the board, the
38 Attorney General, any district attorney, city attorney, or the Student
39 Aid Commission, within 30 days of written notice, copies of all

1 documents and other material concerning the institution that are
2 maintained by the accrediting agency.

3 ~~SEC. 87.~~

4 *SEC. 89.* Section 94944.6 of the Education Code is amended
5 to read:

6 94944.6. Within 30 days of receiving a written notice from the
7 board, the Attorney General, district attorney, city attorney, or the
8 Student Aid Commission pursuant to Section 94944.5, an
9 accrediting agency shall provide the requesting entity with all
10 documents or other material concerning an institution accredited
11 by that agency that are designated specifically or by category in
12 the written notice.

13 ~~SEC. 88.~~

14 *SEC. 90.* Section 94945 of the Education Code is amended to
15 read:

16 94945. (a) This chapter does not limit or preclude the
17 enforcement of rights or remedies under any other applicable statute
18 or law.

19 (b) This chapter does not limit or preclude the Attorney General,
20 a district attorney, or a city attorney from taking any action
21 otherwise authorized under any other applicable statute or law.

22 (c) If the board has reason to believe that an institution's
23 noncompliance with the provisions of this chapter or any other
24 applicable law significantly transcends the interests of the
25 individual complainant, or the board has determined that the
26 complexity of the case requires additional expertise and resources,
27 the board shall contract with the Attorney General for investigative
28 and prosecutorial services.

29 ~~SEC. 89.~~

30 *SEC. 91.* Section 94948 of the Education Code is amended to
31 read:

32 94948. In addition to any other reporting requirements under
33 this chapter, the board shall provide regular updates to the
34 Legislature by participating in annual oversight hearings conducted
35 by the appropriate policy committees and budget subcommittees
36 of the Senate and Assembly. The updates shall describe the board's
37 progress in adopting and enforcing regulations and the provisions
38 of this chapter.

39 ~~SEC. 90.~~

40 *SEC. 92.* Section 94949 of the Education Code is repealed.

1 ~~SEC. 91.~~

2 ~~SEC. 93.~~ Section 94949 is added to the Education Code, to
3 read:

4 94949. (a) The board shall ~~contract for an independent review~~
5 ~~of its staffing resources, and provide to the Legislature a copy of~~
6 ~~this review~~ *an independent review of its staffing resources*, along
7 with an overview of how the board intends to ensure its staff are
8 sufficiently qualified for purposes of implementing the provisions
9 of this chapter, *the estimated costs of meeting staffing and other*
10 *requirements to implement this chapter, and the estimated fee*
11 *revenue generated by the fee structure as outlined in Section*
12 *94930.5, as of January 1, 2015*, within 30 days of the completion
13 of the independent review, *but no later than March 15, 2015*.

14 (b) (1) A report to be submitted pursuant to subdivision (a)
15 shall be submitted in compliance with Section 9795 of the
16 Government Code.

17 (2) Pursuant to Section 10231.5 of the Government Code, this
18 section is repealed on January 1, 2019.

19 ~~SEC. 92.~~

20 ~~SEC. 94.~~ Section 94950 of the Education Code is amended to
21 read:

22 94950. This chapter shall remain in effect only until January
23 1, 2017, and as of that date is repealed, unless a later enacted
24 statute, that is enacted before January 1, 2017, deletes or extends
25 that date.

26 ~~SEC. 93.~~

27 ~~SEC. 95.~~ No reimbursement is required by this act pursuant to
28 Section 6 of Article XIII B of the California Constitution because
29 the only costs that may be incurred by a local agency or school
30 district will be incurred because this act creates a new crime or
31 infraction, eliminates a crime or infraction, or changes the penalty
32 for a crime or infraction, within the meaning of Section 17556 of
33 the Government Code, or changes the definition of a crime within
34 the meaning of Section 6 of Article XIII B of the California
35 Constitution.